



Fraud and Corruption Control Plan

(07) 3205 0555 | council@moretonbay.qld.gov.au
moretonbay.qld.gov.au

Document Set ID: 64260139
Version: 18, Version Date: 10/07/2024



Document Control **Official Version:** ECM26855024

Document Control

Version / Reviewed	Version Adoption (Council meeting / Minute Page) Reviewed (revision comment)	Date	Word version reference
Version 1	CEO Approval	23.6.2017	A15477881
Version 2	Audit Committee	12.11.2020	ECM26855024
Version 3	CEO Approval	X.11. 2023	ECM64260139

CONTENTS

1. INTRODUCTION	5
2. FRAUD AND CORRUPTION CONTROL FRAMEWORK	6
2.1 Fraud and Corruption Control Framework	6
2.2 Fraud and Corruption Control Strategies	6
3. DEFINING FRAUD AND CORRUPTION	7
3.1 What is Fraud?	7
3.2 What is Corruption?	7
4. FOUNDATIONS	9
4.1 Fraud and Corruption Risk Appetite	9
4.2 Promoting an Ethical Culture	9
4.3 Governance Structures	9
4.4 Roles and Responsibilities	10
4.5 Community Awareness	12
5. PREVENTION	13
5.1 Code of Conduct	13
5.2 Risk Assessment	13
5.3 Employment Screening	14
5.6 Disclosures	14
5.7 Performance Management Framework	14
5.8 Training and Awareness Programs	14
5.4 Information Security Management Systems	15
5.5 Third Party Management Systems	15
5.10 Internal Control Environment	16
6. DETECTION STRATEGIES	18
6.1 Detection Systems	18
6.2 Audit Program	18
6.3 Internal Reporting Systems	18
6.4 External Reporting Systems	19
6.5 Frivolous or Vexatious Reporting	20
6.6 Confidentiality and Protections	21
7. RESPONSE STRATEGIES	22
7.1 Investigation Process	22
7.2 Disciplinary Action	23
7.3 Internal Control Review	23
7.4 Recovery Action	23
7.5 Insurance	24
8. RECORDING AND REPORTING	25

8.1	Fraud and Corruption Registers	25
8.2	Fraud and Corruption Risk Profile	25
8.3	Fraud and Corruption Reporting	25
8.4	Fraud and Corruption Case Studies	25
9.	MONITORING AND EVALUATION	26
9.1	Fraud and Corruption Control Monitoring	26
9.2	Fraud Awareness Surveys	26
9.3	Fraud and Corruption Plan Review	26
Attachment A	27
	Examples of Fraud and Corruption	27

1. INTRODUCTION

The City of Moreton Bay (Council) is committed to a holistic, robust and proactive approach to the prevention and management of fraud and corruption. It reinforces Council's zero tolerance appetite and provides direction and guidance on the processes for prevention, detection and response to fraud and corruption.

The Plan uses the Australian Standard AS 8001:2021 Fraud and Corruption Control and the Queensland Crime and Corruption Commission's best practice model as a guide for what Council considers are the essential elements needed for a strong risk-based approach to fraud and corruption control.

The objectives of this plan are to:

- promote an ethical culture that supports the prevention and detection of fraud and corruption;
- minimise the risk of fraud and corruption within and against the Council;
- detail the controls and measures to prevent, detect and respond to fraud and corruption;
- outline the governance arrangements and clear internal accountabilities for fraud and corruption management;
- detail how Council deals with fraud and corruption allegations;
- outline the expectations and requirements for fraud training at Council.

2. FRAUD AND CORRUPTION CONTROL FRAMEWORK

2.1 Fraud and Corruption Control Framework

Council's Fraud and Corruption Control System or Framework (the FCC Framework) encompasses a coordinated and integrated set of legislation, policies, procedures, controls and relevant activities to support effective fraud and corruption prevention and management. The key components of Council's FCC Framework include:

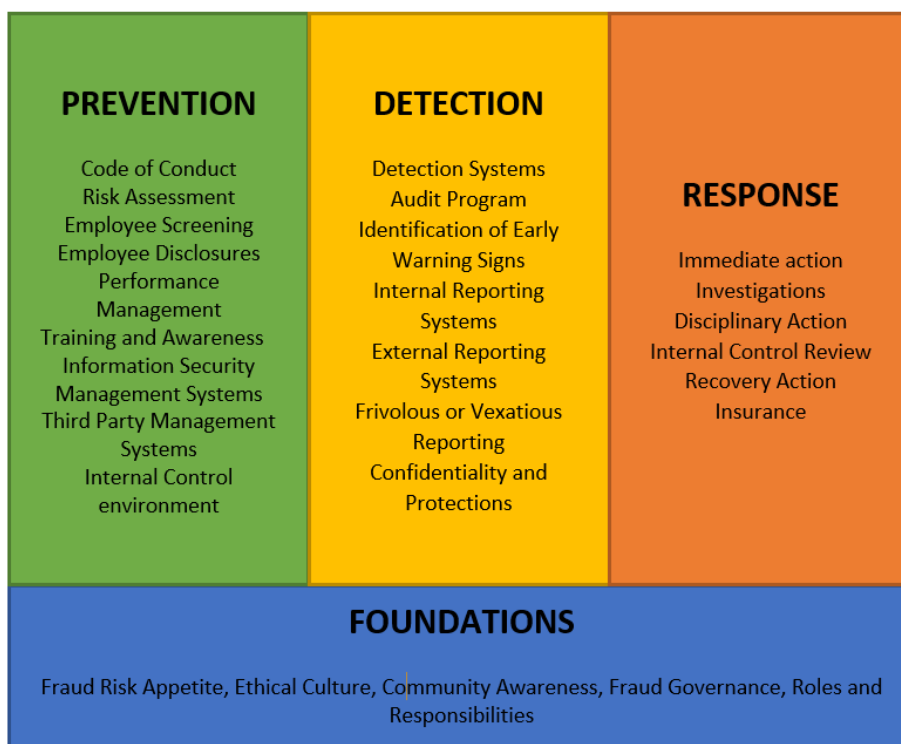
- Fraud and Corruption Control Policy (FCC Policy);
- Fraud and Corruption Control Plan (FCC Plan);
- Fraud and Corruption Control Group (FCCG);
- Fraud and Corruption Risk Register (part of the Corporate Risk Register);
- Fraud and Corruption Incident Register;
- Fraud reporting mechanisms including the Your Call Whistleblower Hotline; and
- Fraud training and awareness activities.

2.2 Fraud and Corruption Control Strategies

Council's FCC Framework is structured around the following three key elements:

- **Prevention:** proactive strategies to deter or minimise the opportunity for fraud and corruption to occur in the first instance;
- **Detection:** strategies to increase the likelihood of detecting incidents of fraud and corruption as and when they occur, and
- **Response:** strategies to take corrective action and minimise harm caused by fraud and corruption incidents.

A summary of Council's fraud and corruption control initiatives against the key elements is demonstrated in the diagram below and outlined in more detail the following sections.



3. DEFINING FRAUD AND CORRUPTION

3.1 What is Fraud?

Fraud can be defined as:

Dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by persons internal and/or external to the organisation and/or 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.

It is generally accepted that various elements are required to work simultaneously for fraud to occur:

- **Opportunity:** provided through weakness in internal controls (such as lack of supervision, separation of duties);
- **Pressure or motivation:** that may come from unrealistic deadlines and performance goals, pressure from senior officers misusing their positions, or personal issues (such as financial need, addictions, desire for revenge, peer pressure, desire to please others);
- **Attitude or rationalisation:** being behaviour that is often a result of poor workplace culture (“doing a favour” “us vs them”, feeling they are “owed” something, or “do plenty of work for free”), and
- **Capability:** relating to a person becoming capable of carrying out fraud due to their position, intelligence, ego, coercion abilities, ability to lie or hide stress.

3.2 What is Corruption?

Corruption can be defined as:

Dishonest activity in which a person associated with an organisation (eg director, executive, manager, team member or contractor) acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal gain or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interests of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.’

The term ‘Corrupt conduct’ is defined under Section 15 of the *Crime and Corruption Act 2001 (Qld) (CCA)*. There are two types of corrupt conduct:

- “Type A” corrupt conduct involves conduct that affects, or could affect, how a public officer (a Councillor or Council team member) performs their functions or exercises their powers in a way that is not honest or impartial, or knowingly or recklessly breaches public trust, or involves the misuse of information or material.
- “Type B” corrupt conduct involves conduct that impairs, or could impair, public confidence in public administration; and involves or could involve conduct such as collusive tendering, fraud relating to an application for a licence or permit, dishonestly obtaining public funds or assets, fraudulently causing loss of revenue or obtaining or retaining an appointment.
- Corrupt conduct includes neglect, failure and inaction; conspiracy to engage in conduct, and/or attempt to engage in conduct.

- Both Type A and Type B corrupt conduct must be serious enough that, if proved, would be a criminal offence or disciplinary breach providing reasonable grounds for termination.

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

For awareness purposes, further definitions and examples of fraud and corruption are included the **Attachment A**.

4. FOUNDATIONS

4.1 Fraud and Corruption Risk Appetite

Council has a zero-tolerance for fraud and corruption in line with its Risk Appetite Statement (and articulated in the FCC Policy). Council is committed to the elimination of all forms of fraud and corruption, and creating a culture and environment that discourages and prevents fraud and corruption.

The impact of fraud and corruption on Council and the community can be significant. Fraud and corruption can undermine Council's values and its ability to deliver its strategic vision and objectives, and could result in:

- reputational loss by damaging public trust and confidence in Council;
- threaten the financial sustainability of Council;
- diversion of resources including management time;
- loss of personal information of team members and customers;
- reduced team member morale and performance;
- reduced ability to attract and retain capable team members;
- reduced quality and effectiveness of services; and/or
- disruption to business continuity.

4.2 Promoting an Ethical Culture

Council's values encourage a culture where ethical and honest conduct is expected at all levels of the organisation. All team members have a responsibility to take appropriate action to prevent and report suspected fraud and corruption.

Commitment from all Councillors, the CEO and Executive Leadership Team is essential in setting the ethical tone and establishing an integrity behaviour model for the organisation.

Council will establish and maintain an ethical culture by:

- employing team members at all levels who will be positive role models for ethical behaviour;
- providing training for new team members on the Employee Code of Conduct;
- adopting and enforcing policies that emphasise the importance of ethical behaviour;
- ensuring internal controls are working properly to minimise opportunities for fraud and corruption;
- ensuring all team members are accountable for their own conduct and actions;
- encouraging team members to report fraudulent and corrupt activity, and supporting them in doing so, and
- applying risk management principles in the management of fraud and corruption.

Integrating the fraud and corruption control function into existing daily management and operational processes will ensure that fraud and corruption management is a key component of decision-making, operational planning, budget processes and risk management.

4.3 Governance Structures

Fraud and Corruption Control Group

Council will maintain a *Fraud and Corruption Control Group* (FCCG) that is responsible for overseeing fraud and corruption risk and incident management as well as the effective implementation and/or improvement of control measures. The FCCG is comprised of the following members:

- Chief Executive Officer;
- Chief Legal Counsel (as required);
- Director Finance and Corporate Services;
- Manager Governance and Executive Services;
- Manager Accounting Services;
- Manager People and Capability (or delegate);
- Manager Procurement;
- Manager Technology Services;
- Internal Audit Manager;
- Governance Manager; and
- Governance, Risk and Compliance Business Partner.

The Governance Branch is responsible for coordinate meetings of the FCCG at least quarterly and/or prior to meetings of the Audit Committee. The FCCG has no delegations but is required to provide a report or make recommendations to the Audit Committee on the status of fraud and corruption incident management.

4.4 Roles and Responsibilities

Council will ensure there is clear accountability and responsibility for the implementation and monitoring of this Plan as well as all supporting policies, procedures and control activities. It is important that all team members understand their accountability, and there is a common understanding that everyone in Council has a key role to play in effective fraud and corruption management.

Role	Responsibilities
Mayor and Councillors	Collectively, as the decision making body of the Council, Councillors are responsible for: <ul style="list-style-type: none"> • ensuring their conduct and behaviour conforms with the local government principles and responsibilities of Councillors as detailed within the Local Government Act 2009 and Councillor Code of Conduct. • setting Council's fraud and corruption policy position and risk appetite statement; • promoting community awareness of Council's commitment to the prevention of fraud and corruption; and
Audit Committee	The Audit Committee is responsible for: <ul style="list-style-type: none"> • reviewing and monitoring the effectiveness of Council's fraud and corruption control framework; • reviewing Council's fraud and corruption risk profile/exposure and recommending actions to improve controls. • Monitoring the internal audit function to ensure audits include key fraud and corruption risks and that audits are risk based. • other specific roles and responsibilities as prescribed in the Audit Committee Charter.
CEO and Executive Leadership Team	The CEO and Executive Leadership Team are responsible for: <ul style="list-style-type: none"> • ensuring their conduct aligns with Council's values and Code of Conduct and leading by example to promote ethical behaviour; • promoting awareness of Council's fraud and corruption control framework and zero-tolerance risk appetite; • ensuring all team members are provided with appropriate and regular training to raise awareness of their responsibilities in relation to fraud and corruption;

Role	Responsibilities
	<ul style="list-style-type: none"> • providing mechanisms for team members and others to report allegations of fraud or corruption; • ensuring that, where appropriate, proper investigations are conducted into allegations of fraud or corruption; • ensuring appropriate reports/notifications are made to relevant external agencies and cooperation with any investigation; • ensuring the outcomes of fraud and corruption allegations or incidents are communicated, as/where appropriate, in order to ensure confidence in reporting processes; • the CEO also has a role in deciding appropriate disciplinary and/or recovery action.
Leaders/ Managers	<p>Leaders/Managers are responsible for:</p> <ul style="list-style-type: none"> • ensuring their conduct aligns with Council’s values and Code of Conduct and leading by example to promote ethical behaviour; • ensuring team members awareness of their responsibilities in relation to fraud and corruption and participation in training activities; • creating an environment in which fraud and corruption is discouraged and readily reported by team members; • identifying areas of potential fraud and corruption risk and conducting fraud risk assessments as part of general business risk management approach. • providing oversight of the conduct of team members they supervise; • receiving reports and in turn reporting any suspected fraud and corruption.
Governance Branch	<p>Governance is responsible for:</p> <ul style="list-style-type: none"> • maintaining Council’s fraud and corruption control framework including the FCC Policy and this Plan; • coordinating a fraud and corruption risk assessment on a regular basis and maintaining the fraud risk register; • maintaining the fraud and corruption incident register; • coordinating fraud and corruption awareness and training activities; • coordinating preliminary reviews and investigations of fraud and corruption incidents as required; • preparing regular reports for the FCCG, ELT and Audit Committee. • coordinating reporting to the appropriate external agencies.
Manager Technology Services	<p>Technology Services is responsible for:</p> <ul style="list-style-type: none"> • managing Council’s information security management system; • managing all information technology and cyber risks and ensure that effective controls are in place; • maintaining a cyber incident response plan; • coordinating cyber security training and awareness activities; • providing guidance in relation to the capture and analysis of digital evidence.
Manager People and Capability	<p>People and Capability is responsible for:</p> <ul style="list-style-type: none"> • assisting with preliminary reviews and investigations of fraud and corruption incidents as required;

Role	Responsibilities
	<ul style="list-style-type: none"> • providing support to team members involved in an investigation and ensuring Council's EAP is available; • managing recruitment activities including pre-employment screening; • managing team member induction and mandatory annual training.
Manager Procurement	Procurement is responsible for: <ul style="list-style-type: none"> • maintaining Council's procurement framework and processes; • providing guidance in relation to procurement probity; • ensuring effective third-party due diligence processes are in place; • facilitating fraud and corruption risk assessments for high value/high risk procurement activities as required.
Internal Audit Manager	Internal Audit is responsible for: <ul style="list-style-type: none"> • developing the internal audit plan taking account of the key fraud and corruption risks; • conducting audits and reviews that assess the efficiency and effectiveness of the FCC framework and internal controls.
Team Members	All team members are responsible for: <ul style="list-style-type: none"> • ensuring their conduct and behaviour is aligned with Council's values and Employee Code of Conduct; • understanding their obligations with respect to fraud and corruption control; • reporting all instances of suspected fraud and corruption; • providing cooperation and assistance with any investigation; • reporting any conflicts of interest, gifts or benefits as required; • adhering this Plan and other Council policies and procedures that support the prevention of fraud and corruption.

4.5 Community Awareness

Council is also committed to developing strategies to create awareness by its customers and the community of Council's standards of ethical behaviour and stance on fraud and corruption.

Customers and the community should be aware that it is not appropriate to give gifts, rewards or other 'incentives' to team members, and the unethical dealings of any kind will not be tolerated. Customers and the community also need to know that Council welcomes reporting of any corrupt conduct.

Council will ensure the community has easy access to the following information via Council's website:

- Employee Code of Conduct;
- Fraud and Corruption Control Policy and Plan;
- Information about how to report suspected fraud and corruption;
- Council's financial statements (monthly reports);
- Council's quarterly performance reports and annual reports; and
- Other related Council policies.

Where possible, Council will ensure that feedback is provided to persons who report suspected fraud or corruption on any action that has been taken. This may be limited if a report is made anonymously for example.

5. PREVENTION

5.1 Code of Conduct

Council acknowledges the primary role of its team members as the first line of defence in the prevention of fraud and corruption. Council's values and Employee Code of Conduct set out the expectations and standards of behaviour for all team members when dealing with customers and each other, aligned to the public-sector ethics principles and values described in the *Public Sector Ethics Act 1994*:

- integrity and impartiality;
- promoting the public good;
- commitment to the system of government, and
- accountability and transparency.

The Code contains a guide to ethical decision making and provides benchmarks that state the types of behaviours the organisation considers unacceptable. All team members have a responsibility to comply with the requirements of the Code.

All team members receive training on the Code of Conduct as part of their induction and are required to undertake refresher training annually. A copy of the Code of Conduct can be viewed on Council's intranet, website or at any of Council's customer service centres.

Councillors have a responsibility to comply with the State Department of Local Government's Code of Conduct for Councillors in Queensland and associated obligations.

5.2 Risk Assessment

Council has a comprehensive Enterprise Risk Management (ERM) framework that provides for the identification, assessment and management of fraud and corruption risks by all team members.

The Governance Branch will undertake a fraud and corruption risk assessment every two years as part of the review of this plan in accordance with, but not limited to, the potential inherent fraud risks identified by the Queensland Audit Office (QAO). 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 and controls in response to such risks.

Leaders/Managers should also consider undertaking a risk assessment of fraud and corruption risks during the development of programs and projects, particularly where:

- programs are managed across different business areas or providers;
- programs require verification/authorisation of identity, particularly online;
- programs involve electronic submissions, assessment, verification, claims and/or payments;
- programs provide assistance to vulnerable people; and
- programs need to be delivered quickly.

All fraud and corruption risks will be recorded in Council's Corporate Risk Register together with their risk rating, controls/treatments, and responsible manager. These risks will be periodically reviewed by relevant department managers as part of the operational planning and budget process, with updates to the register made accordingly.

The Fraud and Corruption Control Group (FCCG) will be responsible for monitoring and reviewing fraud and corruption risks. Risks with a final risk rating of high or extreme will also be reported and monitored by the ELT and Audit Committee on a quarterly basis.

5.3 Employment Screening

Council will maintain public confidence in the integrity of its workforce by undertaking the following screening of team members, as appropriate:

- verification of identity (eg tax file number, driver's licence);
- verification of right to work in Australia;
- police criminal history check for roles that have been identified as high risk;
- reference check; and
- 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.

5.6 Disclosures

Registers of Interest

Councillors, the Chief Executive Officer and Senior Executives are required to complete and continuously update a register of interest for themselves and their related persons as necessary in accordance with the *Local Government Act 2009*.

Conflicts of Interest

All team members are required to proactively identify and declare conflicts of interest in accordance with the Employee Code of Conduct and Conflict of Interest Policy.

Councillors are also required to declare any conflicts of interest (prescribed and declarable conflicts) during any decision making including before and in meetings. Councillors must advise the CEO of the conflict as soon as practicable. Conflict of interest breaches are considered misconduct.

Secondary Employment

All team members are required to seek approval from the CEO to undertake secondary employment, where there may be a real or perceived conflict of interest. Records of team members undertaking secondary employment will be maintained by the People, Culture and Safety Department and will be reported to the relevant Leader/Manager for regular review.

Gifts and Benefits

All team members are required to declare any gifts or other benefit as part of their official duties to avoid any perception of conflict of interest or inappropriate influence. All declarations will be declared in accordance with Council's Gifts, Sponsored Hospitality Benefits, Awards and Prizes Policy and recorded in the related register.

5.7 Performance Management Framework

Council will ensure its organisational structure facilitates clear lines of accountability. Council will ensure all team members are provided with position descriptions that reflect the accountabilities, knowledge, skills and qualifications required to perform in that position.

5.8 Training and Awareness Programs

Council is committed to providing suitable training and awareness programs for team members that build on the Code of Conduct and provide a clear understanding of fraud and corruption and available reporting mechanisms.

Training will be designed and relevant to the various positions and roles in Council and will include but not be limited to:

- understanding of why fraud may be committed (e.g. the fraud diamond);
- risk areas identified in fraud and corruption risk assessments;
- how to respond to suspicions of fraud and corruption;
- how to report suspected cases of fraud and corruption;
- fraud examples and case studies that link training to everyday work situations; and
- public interest disclosure responsibilities.

Training and awareness activities will include but not be limited to:

- induction training for all new team members;
- refresher training for all team members on a regular basis;
- targeted training for team members in high-risk functional areas such as procurement, contract management, and grants;
- operational updates and reminders; and
- discussions regarding Council values.

5.4 Information Security Management Systems

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 monitoring and managing information so that it remains secure.

Cyber security awareness training is available to team members on Council's digital learning platform. Council also conducts simulated phishing exercises/tests to help team members recognise, avoid and report potential threats that can compromise critical data and systems. Team members can report suspicious email or other online activity to phishing@moretonbay.qld.gov.au.

Team members should ensure they consult with the Technology Services Department before conducting any activity that increases the risk of cyber incidents including sharing of information to external parties, overseas travel, use of any messaging service, generative artificial intelligence platform or other application outside of the standard operating environment (Microsoft Suite and TechOne).

Council also operates an extensive system of Close Circuit Television cameras (CCTV) which assist in monitoring a range of Council sites and assets in order to help create a safe environment and protect against vandalism, crime, theft or inappropriate behaviour. Footage may also assist in detecting and supporting investigations into incidents of suspected fraud or corruption.

5.5 Third Party Management Systems

Council's procurement process and activities are exposed to high inherent risks of fraud and corruption, mostly because of the large volume of goods and services that need to be procured often from local suppliers.

Council is committed to ensuring that, regardless of the procurement value, the highest standard of ethical behaviour is exercised to ensure probity of the procurement process in accordance with sound contracting principles.

Council has implemented strategic contracting procedures (in accordance with Chapter 6 Part 2 of the Local Government Regulation 2012) that will enhance probity and confidence by centralising managerial responsibility and streamlining procurement processes to support efficiencies, predictability, standardisation and automation. The Procurement Branch will assist and support Council business areas with procurement probity in relation to significant and high-risk procurement processes.

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, that may include:

- Search on company register;
- ABN and bank account confirmation;
- Trading address verification;
- Verification of personal details of directors;
- Director bankruptcy search;
- Disqualified director search,
- Educational qualifications claimed;
- Assessment of credit rating;
- Company financial assessments; and
- Search of legal proceedings pending, and judgements entered.

Council requires an evaluation and probity plan to be prepared for all tenders and expressions of interest in accordance with Council's Procurement and Contract Manual.

Declaration of conflict of interest is a requirement of the procurement process. Council team members must not participate in procurement activities where they have an actual or perceived conflict of interest without the approval of the Manager Procurement.

Council will also inform suppliers, contractors and service providers about Council's Code of Conduct and require that they conduct business in accordance with its principles.

Procurement Contract Review

Council will minimise the risk of fraud through conducting a periodic review of contracts with external suppliers/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, and
- verification of invoices.

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

5.10 Internal Control Environment

Internal controls help to reduce the risk or likelihood of an event happening; and may also assist in reducing the impact or severity of the consequence caused by an event.

In addition to the controls outline above, Council's internal control framework includes the implementation of control activities such as:

- segregation of duties;
- financial and human resource delegations appropriate to level of responsibility;
- financial reconciliations;
- authorisation responsibilities (such as time sheet authorisation and purchase order authorisation);
- stock take and stock control measures (such as Portable and Attractive Items Register);
- classification of documents;
- restricted access to confidential or sensitive information;
- register of interests for senior executive employees;
- removal of unauthorised and old system users; and
- managing annual leave and toil balance.

All team members have a role to play in making sure internal controls are working properly. Leaders/Managers are primarily responsible for implementing the controls and monitoring their effectiveness. This includes ensuring controls are applied consistently.

6. DETECTION STRATEGIES

6.1 Detection Systems

Council has a number of avenues for detecting suspected incidents of fraud and corruption including:

- reports from Council team members;
- exit interviews with Council team members;
- internal investigations, such as internal audit or data analytics;
- the risk management process;
- the complaint management (administrative action complaints) process;
- reports from an external source such as external audit;
- referral from another organisation such as CCC, Ombudsman, OIA;
- an allegation in the media;
- any other report or complaint from a member of the public.

Other detection activities include:

- post- transactional reviews;
- analysis of management accounting reports;
- stocktake and reporting of missing items;
- procurement non-compliance reports and supplier vetting;
- system access reports and audit logs;
- trend analysis of fraud and corruption allegations/reports.

6.2 Audit Program

Council is subject to both internal and external auditing. Council's Internal Audit function provides independent, objective assurance and advice designed to add value and improve Council's operations and manage risk.

Internal Audit will conduct regular audits to assess the effectiveness and efficiency of Council's internal fraud and corruption control framework and alignment to Council's risk profile and risk appetite. Internal Audit is well placed to use data analytics and continuous control monitoring to assist management with fraud risk identification and fraud detection.

The Queensland Audit Office (QAO) is responsible for undertaking regular independent audits (external audits) of Council's risk management processes and internal controls in order to enhance accountability and effectiveness. The focus of external audit is on material misstatement in Council's annual financial statements and to determine if it is caused by error or fraud.

Council may engage probity auditors for high value, high risk projects and procurements to confirm financial assurance. Any informants to probity auditors will be treated as a potential public interest disclosure and the informant provided with support and protection.

All outcomes of risk management audits are considered by the FCCG and Audit Committee. Council is committed to promptly reviewing and addressing all audit recommendations.

6.3 Internal Reporting Systems

All team members must report any concerns or suspicions they have about fraudulent or corrupt activity immediately. This includes whether the situation is brought to their direct attention, or if they have received the information indirectly.

Reporting suspected fraud or corruption not only allows individual cases to be investigated but drives the improvement of Council's fraud and corruption risk management practices.

Team members must not attempt to further investigate matters relating to suspected fraud and corruption themselves.

Team members should report instances of suspected fraud or corruption to their Leader/Manager/Supervisor in the first instance. If a team member feels uncomfortable reporting the matter to their supervisor, they can report it to:

- a more senior Leader/Manager;
- the CEO directly; or
- the Governance Branch.

There are some other instances where this would not apply:

- If making a report about the CEO - report to the Mayor; and
- If the report involves a Councillor - report to the CEO or the Mayor.

Reports of suspected fraud or corruption may be received verbally, in writing, or anonymously, using the following pathways:

- [Fraud and Corruption Allegation Report Form](#) available on Council's intranet and website;
- email governance@moretonbay.qld.gov.au;
- phone to the relevant Manager/Director/CEO.

A Leader/Manager/Supervisor receiving a report must forward the report to the Governance Branch (unless it relates to team members within the Governance Branch or was made to Council's PID Coordinator).

Council also maintains an externally managed confidential whistleblower hotline (Your Call) for team members to report dishonest, unsafe or inappropriate practices in the workplace. Reports can be made using the following pathways:

- use the organisation ID 'MBRC'; and
- go online 24/7 at <https://secured1.yourcall.com.au/>; or
- phone 1300 790 228 Monday to Friday 9.00am–12.00am midnight excluding public holidays.

Public Interest Disclosures

Reports of suspected fraud and corruption may constitute a public interest disclosure (PID) under the *Public Interest Disclosure Act 2010*. Council has an obligation to ensure that any person/team member that makes a PID is supported and protected from any reprisal action.

Information on making a PID is outlined in Council's Public Interest Disclosure Policy and Procedure that can be found on Council's intranet and website. Team members and members of the public can make a PID using the following pathways:

- via Council's whistleblower hotline <https://secured1.yourcall.com.au/>;
- email pids@moretonbay.qld.gov.au;
- directly to the PID Coordinator (Chief Legal Counsel or Manager Governance and Executive Services)

6.4 External Reporting Systems

Queensland independent agencies perform complementary roles to promote good governance, accountability and integrity. Key agencies responsible for oversight and control functions of managing, monitoring and reporting in Queensland are included in Table 4 below.

Table 4: External Agencies

External Reporting body	Reporting obligations
Queensland Police Service	<p>If the CEO suspects any crime the CEO or delegated officer must also inform the QPS. This must be reported through the Manager Governance and Executive Services.</p> <p>Council must also report any material loss to the QPS as a result of the commission of an offence under the Criminal Code or related Act.</p>
Crime and Corruption Commission	<p>As Council's public official, the CEO has a statutory obligation to notify the CCC if he/she suspects that a matter involves or may involve corrupt conduct.</p> <p>Council must also report any material loss to the CCC as a result of corrupt conduct. This is reported through the Chief Legal Counsel and/or Manager Governance and Executive Services.</p>
Queensland Ombudsman	<p>Under the <i>Public Interest Disclosure Act 2010</i>, Council is required to provide regular reports to the Ombudsman about any PIDs received. This is reported through the Chief Legal Counsel and/or Manager Governance and Executive Services (as Council's PID Coordinator).</p>
Queensland Audit Office	<p>Council must report any material loss as a result of fraud to the Auditor-General no more than six months of becoming aware of the loss, or if the loss is suspected to be the result of an offence under the Criminal Code or related Act. This is reported through the Manager Governance and Executive Services.</p>
Queensland Integrity Commissioner (QIC)	<p>The QIC monitors compliance with the <i>Integrity Act 2009</i> and the Lobbyists Code of Conduct and accepts reports of breaches. Council is required to maintain a contact with lobbyists register and provide this to the OIC as required. Councillors and Council team members are required to report lobbying activity through the Office of the CEO.</p>
Office of the Information Commissioner (OIC)	<p>The OIC manages privacy complaints and mediates conflicts between privacy and the public interest. These complaints are reported through the Manager Governance and Executive Services or delegated Right to Information Officer.</p>
Department of Local Government, Racing and Multicultural Affairs	<p>Council must report any material loss as a result of fraud to the Minister for Local Government within no more than six months of becoming aware of the loss. This is reported through the Manager Governance and Executive Services.</p>

6.5 Frivolous or Vexatious Reporting

Council acknowledges there could be occasion when a person may make a report about fraud or corruption against a team member with the intention of causing that person harm, damage or disruption.

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

Council will not tolerate any vexatious, intentionally misleading or false reporting of any allegation of fraud or corruption and there will be serious consequences to the person bringing about such an allegation.

6.6 Confidentiality and Protections

Council recognises that the reporting of fraud and corruption is a sensitive issue, especially against other team members/work colleagues. Council will ensure that any report is treated and managed confidentially and impartially, to the fullest extent possible.

This includes maintaining the confidentiality of both the person making the report and the person who is the subject of the allegation and by avoiding rumours, morale problems and the possibility of wilful destruction of evidence.

Confidentiality has many dimensions and may include restrictions on:

- the fact that an investigation is being conducted;
- the subject matter;
- the source of the investigation;
- information collected by the investigator;
- the identity of any witnesses;
- any documents collected during the course of the investigation; and
- discussions by witnesses about the investigation between themselves and/or with third parties.

Council will also consider the confidentiality requirements of the QAO, the CCC and the QPS, as required.

Regardless of the reporting option exercised, Council will take all practical steps to protect the welfare of the person making the report.

7. RESPONSE STRATEGIES

7.1 Investigation Process

Council will review, investigate or otherwise formally enquire into all allegations of suspected fraud or corruption.

The Manager Governance and Executive Services or delegate will manage the initial receipt of an allegation or complaint and conduct a preliminary review to establish the substance of the matter to determine the most appropriate action to take. *If a matter is a PID, the PID Coordinator will manage the investigation in accordance with the PID Policy and Procedure.*

A preliminary review will be limited to determining whether there is reasonable suspicion that fraud or corruption has occurred. A review may result in the matter being dismissed, no further action taken and/or the team member subject to an improvement action such as further training, process or policy review.

An investigation will be conducted, if after preliminary review, there is reasonable suspicion of fraud or corruption. The Manager Governance and Executive Services in consultation with the FCCG will determine the appropriate scope/course of action and appoint an investigating officer, where required. An investigation is then initiated and conducted by the investigating officer. Preliminary actions may include:

- initiate investigation;
- secure documentation;
- containment action if required;
- protect against adverse repercussions; and
- manage welfare of team members.

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

Investigations will be conducted in accordance with the Council's internal *Fraud Investigation Procedure*, along with the CCC *Corruption in Focus: A Guide to Dealing with Corrupt Conduct in the Queensland Public Sector*.

Key steps in the investigation process will include:

- Step 1: Stop the fraud continuing and preserve evidence;
- Step 2: Record allegations and the known facts;
- Step 3: Initial review;
- Step 4: Investigation; and
- Step 5: Outcomes.

All internal investigations will be based on the principles of natural justice, which include the presumption of innocence and the right to respond to allegations, and freedom from bias in the investigation process.

It is a reasonable and lawful workplace direction for Council to ask that team members participate in the investigation process. Witnesses will be informed of their rights and obligations before an investigation, including information about the scope, legislative obligations, the investigation process, and what each party can expect from the other during an investigation.

Outcomes

An investigation may result in the matter being:

- **substantiated** (or established) where the evidence satisfies the 'standard of proof'; or
- **un-substantiated** (or not established) where the evidence does not support the allegation.

A substantiated matter will result in the appropriate disciplinary action; and an unsubstantiated matter may result in the matter being dismissed, no further action taken and/or the team member subject to an improvement action.

7.2 Disciplinary Action

Investigation findings that substantiate the allegation of fraud or corruption, or attempted fraud or corruption, will be actioned in accordance with relevant legislation, policies and the principles of natural justice. Disciplinary actions may include, but are not limited to:

- reprimand (such as a written warning, which may be appropriate in situations where there is no financial loss and damage to reputation is not likely);
- transfer or redeployment;
- repayment of misappropriated funds and other costs;
- reduction in the level of remuneration;
- termination of employment; and/or
- referral to the CCC or prosecution agencies.

Criminal Conduct

A fraud or corruption incident may involve criminal conduct. This means that an incident can at the same time be within the jurisdiction of the CCC, Council and the QPS, and therefore the actions and decisions of one agency will have an impact on those of the other agencies.

Where a disciplinary investigation arises out of alleged criminal conduct, Council will need to consider any criminal proceedings. Council can take disciplinary action before the criminal investigation or prosecution is completed, provided that Council's Manager People, Culture and Safety and the QPS is consulted.

Whether disciplinary proceedings should await the outcome of criminal proceedings will need to be determined on a case-by-case basis.

7.3 Internal Control Review

In the instance where fraud or corruption is substantiated, appropriate controls and corrective/improvement actions will be implemented. This may include:

- disciplinary action and/or termination of Council team members;
- review and/or amendment of policy, directives and/or controls;
- additional team member training;
- making other team members aware of the situation in general terms in order to discourage similar conduct in the future; or
- improvements in the physical security of assets.

7.4 Recovery Action

Council is committed to recovering losses incurred as a result of fraud or corruption where it is feasible. 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.

7.5 Insurance

Council maintains a several insurance policies including public liability, cyber liability and commercial crime insurance policies that protect Council against losses as a result of any dishonest fraudulent criminal or malicious act or omission. Council's insurance policies are renewed annually.

8. RECORDING AND REPORTING

8.1 Fraud and Corruption Registers

A Fraud and Corruption Incident Register will be maintained by the Governance Branch and contain the following:

- a summary of all alleged and proven incidents of fraud and corruption;
- the value of any potential or realised loss;
- any actions taken, including no further action taken;
- the outcomes of investigations, and
- details of any referrals or notifications (criminal offence, corrupt conduct and material losses).

8.2 Fraud and Corruption Risk Profile

A fraud and corruption risk profile will be maintained by the Governance Branch and informed by the fraud and corruption risk assessment. As identified above, fraud and corruption risks will be recorded in Council's Corporate Risk Register and reviewed quarterly by the Governance Branch and risk owners.

8.3 Fraud and Corruption Reporting

The Governance Branch is responsible for reporting quarterly to the FCCG on any incidents and outcomes of reviews and/or investigations.

Fraud and corruption trend information will be provided to the FCCG and Audit Committee quarterly, and will include:

- status of fraud and corruption risks;
- any new or emerging fraud and corruption risks;
- emerging trends in fraud and corruption incidents and outcomes;
- potential and realised losses including reportable losses, and
- a summary update on the implementation any improvement actions.

The Governance Branch will also ensure all required external reporting obligations are met on a case by case basis to other agencies including the QPS, CCC, QAO, Queensland Ombudsman, and DLGRMA.

8.4 Fraud and Corruption Case Studies

As identified above, Council will use scenarios and case studies to link training to practical work situations as part of its training and awareness activities.

Once the result of an investigation is known, the FCCG will consider communicating the outcomes to Councillors, team members and the community, where appropriate and permitted by privacy legislation.

9. MONITORING AND EVALUATION

9.1 Fraud and Corruption Control Monitoring

Council is committed to continuous improvement of fraud and corruption controls and systems and will establish an effective testing, monitoring and evaluation regime. This will assist in:

- assessing the continued relevance and effectiveness of controls;
- prioritising controls in light of current and emerging risks;
- testing whether training and awareness programs are working well in practice; and
- identifying more cost-effective ways of addressing fraud and corruption.

The Governance Branch will develop and implement a pressure testing program that may include desktop review of investigations/case studies, process walk-throughs and data analysis.

The FCCG may also coordinate post investigation evaluation activities to identify any systemic deficiencies and recommendations for control improvement that can be applied in similar situations.

9.2 Fraud Awareness Surveys

Council may undertake periodic fraud awareness surveys as a means to both assess as well as raise awareness of attitudes and behaviours related to fraud and corruption.

9.3 Fraud and Corruption Plan Review

Council will review and update this Plan at least every two years, or sooner, if the organisation experiences significant change or incident. Changes include organisational structure changes, commencement of new services or projects and new technologies.

The Governance Branch will develop an action plan that outlines key management actions and improvement work to ensure the ongoing maturity of Council's fraud and corruption controls. The Internal Audit Manager in collaboration with Governance may use this as a monitoring checklist.

Attachment A

Examples of Fraud and Corruption

Fraud

- Theft of cash or assets including plant and equipment.
- Unauthorised use of plant, equipment, property or services.
- False recording on timesheets of hours worked.
- Claiming allowances or expenses not entitled to.
- Not submitting leave forms.
- Undeclared conflicts of interest.
- Creating false or 'ghost' employees in payroll systems.
- Creating false companies or suppliers in procurement systems.
- Splitting purchase orders into smaller sums to avoid procurement thresholds.
- Transactions recorded for incorrect sums.
- Unrecorded, unauthorised or duplicate transactions.
- Unauthorised use of Council credit card or use for personal benefit.
- False claims against Council eg workers' compensation or public liability.
- Writing off employee debts eg as a favour to a work colleague.
- Falsification or forgery of documents in order to receive a benefit.
- Unauthorised access to Council systems or records.
- Unauthorised release of user name and/or password.
- Making false statements or altering signatures or other information and materials so as to mislead or misrepresent a position or hide wrongdoing.
- Manipulation of figures in management and financial reports (including annual report)
- Destroying or removing records without approval for personal gain or to conceal fraudulent activity.
- Using office resources or work time to run a private business.

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.

Fraud and Corruption 'Red flags'

Leaders/Managers and team members should be alert to the common signs of fraud and corruption. Red flags for potential fraudulent or corruption behaviour include:

- team members not taking leave;
- unnecessarily long working hours;
- failure to follow instructions or guidelines (eg promising to deal with a matter and not following through);
- failure to create records or deleting records;
- access to computers or premises at unusual times;
- circumventing processes or poor application of internal controls;
- inadequate budget monitoring and reporting;
- reconciliations not performed on a regular basis;
- reluctance to facilitate audits or cooperate with auditors;
- unwillingness to share work or inform team members;
- lack of accountability;
- lack of supervision;
- changes in team member lifestyle or lifestyle not consistent with salary;
- gambling or drug addictions.

The presence of red flags does not necessarily imply the presence of wrongdoing. They may highlight some other external pressure or challenge that exists in a team member's life. Equally, team members should not ignore red flags; they exist for a reason and may indicate that wrongdoing is occurring or could occur.

This page is intentionally blank

