



# FRAUD AND CORRUPTION PREVENTION POLICY

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**Department:** Executive Office

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## 1. BACKGROUND/SCOPE

Goondiwindi Regional Council (“Council”) is committed to ethical practices and the prevention of fraud and corruption across all levels of its operations. Fraud can cause significant financial and reputational damage, affect employee morale and undermine the public’s confidence in Council’s delivery of services.

## 2. PURPOSE

The purpose of the *Fraud and Corruption Prevention Policy* (policy) is to set out the organisational requirements to prevent fraud and corruption at Council.

## 3. DEFINITIONS

**Corruption:** is defined as dishonest activity in which a person associated with an organisation (e.g. director, executive, manager, employee or, contractor) acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf and in the interests of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.<sup>1</sup>

**Corrupt Conduct:** is defined under Section 15 of the *Crime and Corruption Act 2001* as conduct of a person, regardless of whether the person holds or held an appointment, that-

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<sup>1</sup> Australian Standard, AS 8001-2021 – Fraud and Corruption Control

- (a) Adversely affects, or could adversely affect, directly or indirectly, the performance of functions or the exercise of powers of-
  - (i) A unit of public administration; or
  - (ii) A person holding an appointment; and
- (b) Results, or could result, directly or indirectly, in the performance of functions or the exercise powers mentioned in paragraph (a) in a way that-
  - (i) Is not honest or is not impartial; or
  - (ii) Involves a breach of trust placed in a person holding an appointment, either knowingly or recklessly; or
  - (iii) Involves a misuse of information or material acquired in or in connection with the performance of functions or the exercise of powers of a person holding an appointment; and
- (c) Is engaged for the purpose of providing a benefit to the person or another person or causing a detriment to another person; and
- (d) Would, if proved, be-
  - (i) A criminal offence; or
  - (ii) A disciplinary breach providing reasonable grounds for terminating the person's services, if the person is or were the holder of an appointment.

**Fraud:** is defined as dishonest activity causing actual or potential financial 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.<sup>2</sup>

#### 4. POLICY STATEMENT

Fraud and corruption will not be tolerated at Council, and Council is committed to taking all reasonable steps to actively discourage fraud and corrupt activities.

Fraud and corruption prevention control is a shared responsibility. This policy applies to all Council employees, elected representatives, volunteers, consultants and contractors engaged by Council.

Council is committed to the prevention of fraud and corruption and seeks to promote a strong culture of governance to detect, investigate and take appropriate action in cases of suspected or proven fraud.

Council is committed to:

- A zero tolerance to fraud and corruption.
- Corruption and fraud control management.
- Transparent and accountable processes consistent with sound business processes and organisational standards.
- Preventing fraud and corruption and investigating all suspected incidents and taking appropriate action.
- Establishing and maintaining an integrated *Fraud and Corruption Prevention Framework* to minimise the impact and reduce the risk of fraud and corruption.

#### 5. FRAUD AND CORRUPTION PREVENTION FRAMEWORK

Fraud and corruption prevention and management at Council forms part of the organisation's broader governance processes and is interrelated with the following documents and policies:

- *Employee Code of Conduct*.

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<sup>2</sup> Australian Standard, AS 8001-2021 – Fraud and Corruption Control

- *Councillor Code of Conduct.*
- *Complaints Against the Public Official Policy.*
- *Public Interest Disclosure Policy.*
- *Internal Audit Policy.*
- *Enterprise Risk Management Policy.*
- *Enterprise Risk Management Framework 2023-2025*
- *Fraud and Corruption Prevention Framework 2023-2025.*

Council's *Fraud and Corruption Prevention Framework* outlines Council's plan for implementing and monitoring fraud and corruption; prevention, detection and response initiatives.

### **5.1 Risk Identification**

Fraud risk assessments aligned to Council's *Enterprise Risk Management Framework 2023-2025* will be utilised to identify weakness in controls and allow Council to identify high risk areas. Council will utilise these assessments to improve any identified internal control weaknesses.

### **5.2 Employee Awareness and Training Program**

Council acknowledges the primary role of its employees in the prevention of fraud and corruption. To foster an appropriate fraud and corruption resistant culture, Council will implement fraud awareness and training, and adopt transparent and participative management practices that empower employees in their operational roles.

There will be suitable induction training to enhance fraud and corruption resistance. Awareness of the available reporting mechanisms and public interest disclosure support will also be further reinforced through training programs and other means of communication such as via Council's intranet page. Training may be facilitated internally and/or via external providers.

### **5.3 Competent Investigation Processes and Standards**

All investigations of suspected fraud and corruption conducted by Council whether internally by appropriate Council Officers or via an external investigator engaged by Council, will align with the investigation approach outlined in the Crime and Misconduct Commission's document "*Corruption in focus – A guide to dealing with corrupt conduct in the Queensland Public Sector*" and Council's *Public Interest Disclosure Policy*.

### **5.4 External Reporting Requirements**

The table below outlines Council's external reporting requirements.

<b>Recording and Notification Requirements</b>
<ul style="list-style-type: none"> <li>• Written record keeping requirements prescribed by s307A of the <i>Local Government Regulation 2012</i></li> </ul>
<ul style="list-style-type: none"> <li>• Where applicable in accordance with s307A of <i>Local Government Regulation 2012</i> provide notification to the Minister of Local Government, the Auditor General, a Queensland Police Officer, or the Crime and Corruption Commission</li> </ul>
<ul style="list-style-type: none"> <li>• Pursuant to s38 of the <i>Crime and Corruption Act 2001</i>, where the CEO reasonably suspects that a complaint, or information or matter, involves, or may involve corrupt conduct, the Crime and Corruption Commission must be notified</li> </ul>

## **6. ROLES AND RESPONSIBILITIES**

### **6.1 Mayor and Councillors**

The *Local Government Act 2009 (Act)* provides the Mayor and Councillors with clear roles and responsibilities. The Minister approved a *Code of Conduct for Councillors in Queensland (code)* on 4 August 2020, under Section 150D of the Act. This code sets out the *Local Government Principles and Values* and the *Standards of Behaviour* required by all Councillors. Transparency, ethical and legal behaviour and exercising good governance are resonating requirements throughout the code. In line with these principles, Councillors are to report any suspected wrongdoing to the appropriate entity in a timely manner.

### **6.2 The Chief Executive Officer and Executive Team**

The Chief Executive Officer (CEO) and Executive Team will lead by example in a manner consistent with the values and principles detailed in Council's *Employee Code of Conduct*. The CEO is required to notify the Crime and Corruption Commission if they reasonably suspect corrupt conduct as defined by the *Crime and Corruption Act 2001* has occurred.

The Executive Team with the support of the broader Council Leadership Group will assume responsibility for fraud and corruption prevention to ensure that fraud and corruption control strategies are implemented effectively across all work areas. Consideration of fraud and corruption issues will form part of both annual and longer term operational and business planning processes.

### **6.3 Leadership Group**

All managers and supervisors must recognise that fraud and corruption may occur in their area of responsibility. Managers are to critically examine their areas of responsibility and business processes to identify and evaluate potential fraud and corruption risk situations. They are to develop and maintain fraud and corruption resistant work practices.

As a guide, the following matters should be examined:

- The enforcement of existing financial management standards, policies and practices governing contracts and the supply of goods and services.
- The collection, storage, dealing, handling and dissemination of information.
- Segregation of functions especially in regulatory, financial accounting, procurement and cash handling areas.
- Employment screening and due diligence.
- Accuracy of timesheets submitted by employees within manager's responsibility.
- Work activities having limited supervision or open to collusion or manipulation.
- Work practices associated with compliance and enforcement activities.
- Formal or structured reviews of accounting and administrative controls.
- The effectiveness of measures for reporting suspected fraud and corruption.
- The public interest disclosure protective measures.
- Workplace grievance practices.
- The promotion of positive values and the benefits of ethical business practices.
- Measures to ensure quick and decisive action on all suspected fraud and corruption situations.

## 6.4 All Council Officers

All Council Officers are responsible for the following:

- Acting appropriately when using official resources and handling and using public funds, whether they are involved with cash or payment systems, receipts or dealing with suppliers.
- Being alert to the possibility that unusual events or transactions could be indicators of fraud or corruption.
- Reporting details immediately if they suspect that a fraudulent or corrupt act has been committed.
- Co-operating fully with whoever is conducting internal checks, reviews or investigations into possible acts of fraud or corruption.

All Council officers who have any knowledge of fraudulent or corrupt activities/behaviour within Council have an obligation to report such matters to a manager/ supervisor of the Chief Executive Officer.

## 6.5 Council Legal Officer

Council's Legal Officer is responsible for the coordination of Council's *Fraud and Corruption Prevention Framework* and assisting areas with risk identification, staff awareness and training programs and investigations where required.

## 7. 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 Council. Outlined below are examples of fraud and corruption taken in part from AS 8001-2021 *Fraud and Corruption Control*.

### 7.1 Fraud

- Theft of cash or assets (including plant and equipment).
- Non-authorised use of equipment, property and services.
- Falsification of hours worked, or reimbursement of 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, whose wages are deposited into the fraudsters bank account.
- Abuse of Council facilities or assets for personal use.

### 7.2 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 specific decision or action by the receiver or generally.
- 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 others for personal reasons or selectively providing information to some tenderers.

## **8. REVIEW DATE**

October 2025

## **9. RELEVANT LEGISLATION**

*Local Government Act 2009*

*Local Government Regulation 2012*

*Public Sector Ethics Act 1994*

*Public Interest Disclosure Act 2010*

*Crime and Corruption Act 2001*

*Criminal Code Act 1899*

## **10. RELATED DOCUMENTS**

Australia/New Zealand Standard AS/NZS ISO 31000:2009 – *Risk Management – Principles and Guidelines*

Australian Standard, AS 8001-2021 – *Fraud and Corruption Control*

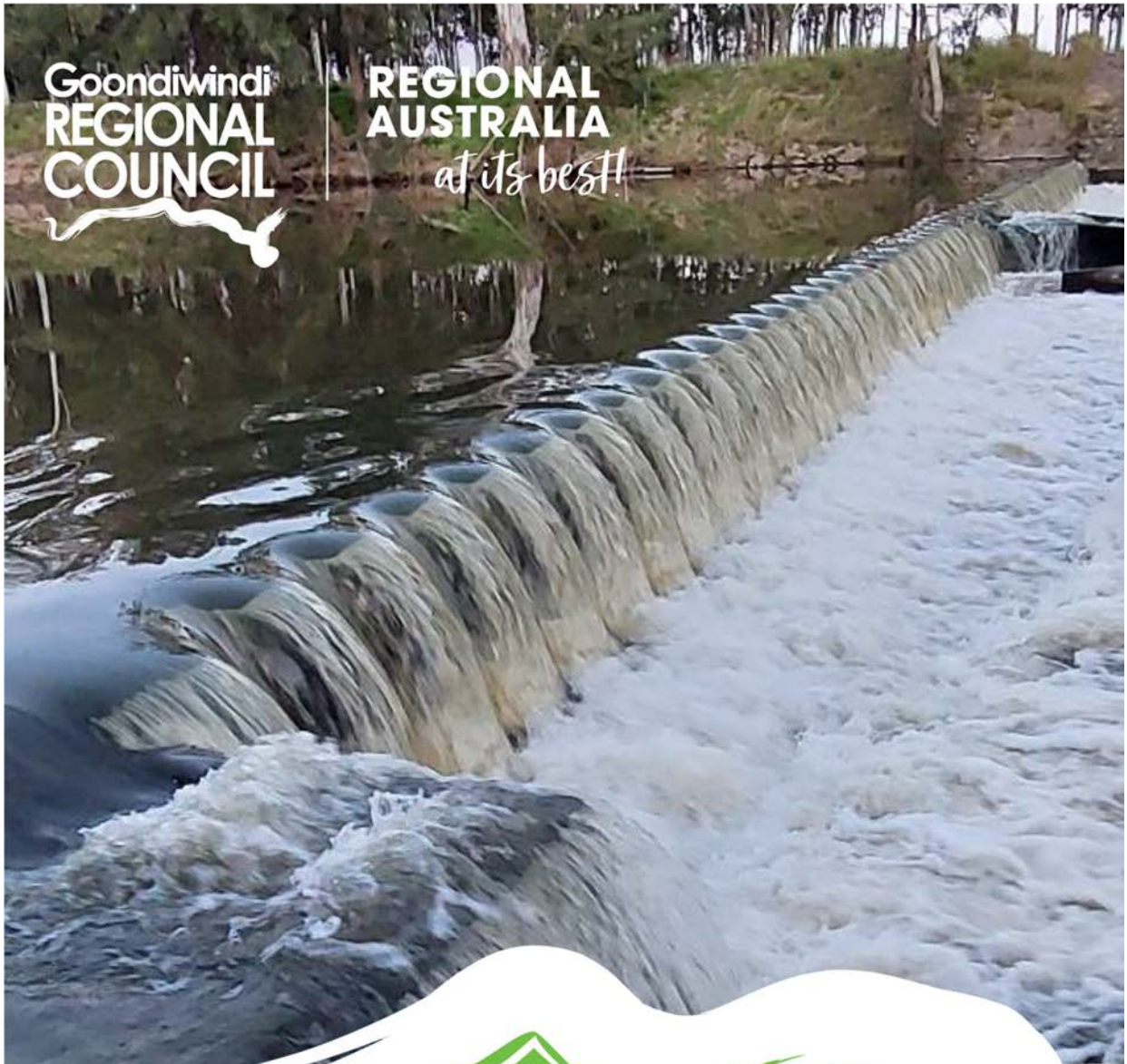
## **11. ATTACHMENTS**

Fraud and Corruption Prevention Framework 2023-2025

Goondiwindi  
REGIONAL  
COUNCIL



REGIONAL  
AUSTRALIA  
*at its best!*



# FRAUD AND CORRUPTION PREVENTION FRAMEWORK

2023-2025

## Table of Contents

<b>1. Executive Summary</b> .....	3
1.1 Purpose .....	3
1.2 Scope .....	3
1.3 Risk-management alignment.....	3
1.4 Structure.....	3
1.5 Goals and Objectives .....	4
<b>2. What is Fraud and Corruption?</b> .....	4
2.1 Fraud .....	4
2.2 Corruption.....	5
2.3 Misconduct .....	5
2.4 Corrupt Conduct .....	5
2.5 Common Examples of Fraud and Corruption .....	5
<b>3. Fraud and Corruption Prevention Policy Statement</b> .....	6
<b>4. Fraud and Corruption Control Plan</b> .....	7
4.1 Good Governance and Integrity Framework .....	7
4.2 Responsibilities .....	7
Specific Responsibilities .....	8
4.3 Fraud Risk Management .....	10
4.4 Fraud and Corruption Prevention Policy .....	10
4.5 Preparation of a Fraud and Corruption Control Plan.....	11
4.6 Fraud and Corruption Control Model.....	11
<b>5. Fraud and Corruption Control Plan - Strategies</b> .....	12
5.1 Fraud Strategy - Prevention.....	12
Preventative Measures.....	13
Code of Conduct.....	13
Conflicts of Interest .....	13
Employment Screening.....	13
Fraud Awareness Training.....	14
Screening Service Providers .....	14
Policies to Mitigate Risks .....	14
Fraud Controls for High-Risk Processes and Activities .....	15
5.2 Fraud Strategy - Detect.....	16
Detection Measures .....	16
Effective Passive Internal Controls .....	16



Effective Active Internal Controls .....	18
5.3 Fraud Strategy - Respond.....	22
Fraud Response Measures .....	22
Fraud Investigations .....	22
5.4 Fraud Strategy – Monitor and Report .....	23
Fraud Monitor and Reporting Measures.....	23
Reporting .....	23
<b>Appendix 1 – Fraud Controls .....</b>	<b>24</b>
1. Fraud Prevention Control Activities.....	24
2. Fraud Detection Control Activities.....	26
3. Fraud Response Control Activities.....	27
4. Fraud Monitoring and Reporting Control Activities .....	28
<b>Appendix 2 - Fraud and Corruption Action Plan – 2023-2025.....</b>	<b>29</b>
<b>Appendix 3 – Fraud and Corruption Control Plan – CCC Best Practice Checklist.....</b>	<b>33</b>
Key Element 1 – Coordination Mechanism .....	33
Key Element 2 – Risk Management System .....	35
Key Element 3 – Internal Controls.....	37
Key Element 4 – Reporting Processes.....	39
Key Element 5 – Protections and Support for Disclosers.....	40
Key Element 6 – External Reporting .....	42
Key Element 7 – Investigations Management Process .....	43
Key Element 8 – Code of Conduct.....	45
Key Element 9 – Organisational Culture Change Program.....	46
Key Element 10 – Client and Community Awareness Program .....	47

## Document Control

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1.0	[To be inserted]	[To be inserted]	Review Oct 2025

# 1. Executive Summary

## 1.1 Purpose

The purpose of Council's *Fraud and Corruption Prevention Framework* (Fraud Framework) is to formalise Council's commitment to ensuring that fraudulent and corrupt behaviour within or against Council is not tolerated. The Fraud Framework aims to:

- a. minimise opportunities for fraud and corruption (whether committed by internal or external parties);
- b. protect public monies, property, and information, and organisational and individual rights; and
- c. maintain the effectiveness of Council operations.

Its implementation will ensure that our workforce acts legally, ethically and in the public interest.

The Fraud Framework, incorporating the control plan and 2023 to 2025 action plan, sets out Council's plans to prevent, detect and respond to incidents of fraud and corruption by establishing robust internal controls and embedding a strong culture of ethical conduct throughout the organisation.

## 1.2 Scope

The Fraud Framework applies to all Councillors, Council employees, contractors and volunteers.

## 1.3 Risk-management alignment

As an integral part of Council's *Enterprise Risk Management Framework* (Risk Framework), this Fraud Framework includes proactive measures designed to enhance system integrity (prevention measures) and reactive responses (reporting, detecting and investigative activities).

## 1.4 Structure

The Fraud Framework consists of a suite of tools and resources including the Council's:

- a. *Fraud and Corruption Prevention Policy*
- b. *Fraud and Corruption Control Plan and 2023-2025 Action Plan*
- c. Fraud and corruption control risk assessments
- d. Supporting policies including *Councillor Code of Conduct*, *Employees Code of Conduct*, *Complaints about the Public Official (CEO) Policy*, and the *Enterprise Risk Management Policy* and *Enterprise Risk Management Framework 2023-2025*.

## 1.5 Goals and Objectives

Through Council's *Fraud and Corruption Prevention Policy* (Fraud Policy) and the Fraud Framework, the aims are to clearly articulate:

- a. Council's commitment to a zero-tolerance attitude towards fraud and corruption.
- b. Council's approach to controlling fraud and corruption.
- c. The embedding of a strong and proactive fraud and corruption control ethos within the organisational structure.
- d. Council roles and responsibilities for fraud and corruption control.
- e. Policies and strategies implemented within Council to prevent, detect and respond to fraud and corruption.
- f. A summary of:
  - i. the fraud risks (internal and external) associated with Council's functions.
  - ii. the controls in place to minimise the opportunity for fraud and corruption.
  - iii. their implementation details.
- g. Protocols for the reporting of suspected fraud or corruption against Council.

## 2. What is Fraud and Corruption?

Fraud and corruption can take many forms. Fraud is characterised by deliberate deception to facilitate or conceal the misappropriate use of assets, tangible or intangible. Corruption involves a breach of trust in the performance of official duties.

Fraudulent and corrupt conduct by public officers may fall within the category of 'corrupt conduct' under the *Crime and Corruption Act 2001* (CC Act). In addition, many forms of fraud and corruption are offences under the *Criminal Code Act 1899*.

These include false claims, stealing, and misappropriation of property, false pretence, forgery and receipt or solicitation of secret commissions. The following definitions of "fraud", "corruption", "misconduct" and "corrupt conduct" are used throughout this document.

### 2.1 Fraud

Fraud is defined as dishonest activity causing actual or potential financial 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.<sup>1</sup>

This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose for the improper use of information or position.

Fraud can be any deliberate deceitful conduct or omission designed to gain an advantage to which a person or entity is not entitled. It is the intentional use of false representations or deception to avoid an obligation, gain unjust advantage or in the context of public administration, commonly referred to as 'rotting the system'.

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<sup>1</sup> Australian Standard, AS 8001-2021 – Fraud and Corruption Control

## 2.2 Corruption

Corruption is defined as dishonest activity in which a person associated with an organisation (e.g. director, executive, manager, employee or, contractor) acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf and in the interests of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.<sup>2</sup>

Corruption involves behaviour that may involve fraud, theft, the misuse of position or authority or other acts which are unacceptable to an organisation, its clients or the general community. It may also include other elements such as breaches of trust and confidentiality.

## 2.3 Misconduct

Inappropriate or improper conduct in an official capacity, or inappropriate or improper conduct in a private capacity that reflects seriously and adversely on the local government.

## 2.4 Corrupt Conduct

Corrupt conduct is defined in the *Crime and Corruption Act 2001* sections 14 to 20 as a conduct of a person, regardless of whether the person holds or held an appointment, that-

1. Adversely affects, or could adversely affect, directly or indirectly, the performance of functions or the exercise of powers of-
  - a. A unit of public administration; or
  - b. A person holding an appointment; and
2. Results, or could result, directly or indirectly, in the performance of functions or the exercise of powers mentioned in paragraph (a) in a way that-
  - a. Is not honest or is not impartial; or
  - b. Involves a breach of trust placed in a person holding an appointment, either knowingly or recklessly; or
  - c. Involves a misuse of information or material acquired in or in connection with the performance of functions or the exercise of powers of a person holding an appointment; and
3. Is engaged for the purpose of providing a benefit to the person or another person or causing a detriment to another person; and
4. Would, if proved, be-
  - a. A criminal offence; or
  - b. A disciplinary breach providing reasonable grounds for terminating the person's services, if the person is or were the holder of an appointment.

## 2.5 Common 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 Council. Outlined below are examples of fraud and corruption taken in part from *AS 8001-2008* and *AS 8001-2021 Fraud and Corruption Control*.

Fraud and Corruption

- a. Theft of cash or assets (including plant and equipment).

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<sup>2</sup> Australian Standard, AS 8001-2021 – Fraud and Corruption Control

- b. Non-authorized use of equipment, property and services.
- c. Falsification of hours worked or reimbursement of expenses claimed.
- d. False invoicing.
- e. Creation of a 'ghost' employee whose wages are deposited into the fraudsters bank account.
- f. Failure to remove a former employee from the payroll system, whose wages are deposited into the fraudsters bank account.
- g. Manipulation of rates or payroll to benefit employees, friends, family and/or colleagues.
- h. Abuse of Council facilities or assets for personal use.
- i. Falsely claiming Council responsibility for incidents, accidents or storm water and drainage damage.
- j. Provision of false credentials, references or identification by an applicant to gain a position within Council.
- k. 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 specific decision or action by the receiver or generally.
- l. Offering or receiving kickbacks for favourable development applications and re-zoning of land.
- m. Overpaying grants to personal interest related clubs or redirecting grants to personal accounts.
- n. Serious conflict of interest involving an Officer acting in his or her own self-interest rather than the interests of Council.
- o. Manipulation of the procurement process by favouring one tenderer over others for personal reasons or selectively providing information to some tenderers.

### 3. Fraud and Corruption Prevention Policy Statement

Council's Fraud Policy Statement, drawn from the Fraud Policy is:

*"Fraud and corruption will not be tolerated at Council, and Council is committed to taking all reasonable steps to actively discourage fraud and corrupt activities.*

*Fraud and corruption control is a shared responsibility. This policy applies to all Council employees, elected representatives, volunteers, consultants and contractors engaged by Council.*

*Council is committed to the prevention of fraud and corruption and seeks to promote a strong culture of governance to detect, investigate and take appropriate action in cases of suspected or proven fraud.*

*Council is committed to:*

- *A zero tolerance to fraud and corruption.*
- *Corruption and fraud control management.*
- *Transparent and accountable processes consistent with sound business processes and organisational standards.*
- *Preventing fraud and corruption and investigating all suspected incidents and taking appropriate action.*
- *Establishing and maintaining an integrated Fraud and Corruption Prevention Framework to minimise the impact and reduce the risk of fraud and corruption."*

## 4. Fraud and Corruption Control Plan

### 4.1 Good Governance and Integrity Framework

Fraud and corruption prevention and management at Council forms part of the organisation's broader good governance processes and integrity responsibilities. These in summary include:



Fraud and corruption control is an integral component of Council's overarching *Enterprise Risk Management Framework 2023-2025* and is interrelated with the following strategic documents and good governance policies:

- *Fraud and Corruption Prevention Policy.*
- *Employee Code of Conduct.*
- *Councillor Code of Conduct.*
- *Complaints Against the Public Official Policy.*
- *Public Interest Disclosure Policy.*
- *Internal Audit Policy.*
- *Enterprise Risk Management Policy.*
- *Enterprise Risk Management Framework 2023-2025.*

The Fraud and Corruption Control Plan details Council's plan for implementing and monitoring fraud and corruption using the four strategies of prevention, detection, response, and monitor and report.

### 4.2 Responsibilities

The responsibility for fraud and corrupt conduct prevention rests with all levels of management, Councillors, employees, volunteers and agency or contract staff who represent the Council and who, collectively, must accept ownership of fraud and corrupt conduct prevention, detection and reporting. All employees are expected to support the development of an ethical and honest culture within Council.

## Specific Responsibilities

Role	Responsibilities
Councillors	<p>The <i>Local Government Act 2009</i> provides the Mayor and Councillors with clear roles and responsibilities.</p> <ul style="list-style-type: none"> <li>• Overall ownership of the <i>Fraud and Corrupt Conduct Policy</i>.</li> <li>• Promote community awareness of Council's commitment to the prevention of fraud and corruption.</li> <li>• Notify the Mayor, who in turn will notify the Chief Executive Officer (CEO), of any incidences of suspected fraud or corrupt behaviour. If there is an allegation made against the CEO this should be notified to the Mayor who will seek advice from the <i>Crime and Corruption Commission</i>.</li> <li>• Demonstrate and promote an ethical and honest culture at Goondiwindi Regional Council in all elements of their role as a Councillor.</li> </ul>
Chief Executive Officer	<ul style="list-style-type: none"> <li>• Principal responsibility for the management of fraud and corrupt conduct controls to ensure compliance with relevant legislation, regulations and guidelines and that appropriate governance structures and processes are implemented.</li> <li>• Notification to the <i>Crime and Corruption Commission</i> of any matter they suspect on reasonable grounds involves corrupt conduct.</li> <li>• Ownership of Council's <i>Fraud Risk Register</i> including identification, analysis, evaluation and treatment of risks.</li> <li>• Demonstrate and promote an ethical and honest culture at Goondiwindi Regional Council in all elements of their role.</li> </ul>
Executive Leadership Team	<p>Ownership of fraud and corruption risk management within their portfolio, in accordance with Council's <i>Enterprise Risk Management Policy</i> and Fraud Framework, including:</p> <ul style="list-style-type: none"> <li>• Identification, analysis and evaluation of fraud and corruption risks</li> <li>• Implementation and performance of appropriate controls</li> <li>• Develop and implement Risk Treatment Plans where required.</li> <li>• Ensure employees are aware of fraud and corruption control responsibilities.</li> <li>• Escalate any identified instances of fraud or corruption to the CEO or Legal Officer.</li> <li>• Demonstrate and promote an ethical and honest culture at Goondiwindi Regional Council in all elements of their role.</li> <li>• Monitor and actively manage excessive outstanding leave of staff to ensure leave balances are at acceptable levels and within Enterprise Agreement requirements.</li> </ul>
Leadership Group	<p>All managers and supervisors must recognise that fraud and corruption may occur in their area of responsibility.</p> <p>As a guide, the following matters should be examined:</p>

	<ul style="list-style-type: none"> <li>• The enforcement of existing financial management standards, policies and practices governing contracts and the supply of goods and services.</li> <li>• The collection, storage, dealing, handling and dissemination of information and council records.</li> <li>• Segregation of functions especially in regulatory, financial accounting, procurement and cash handling areas.</li> <li>• Employment screening and due diligence.</li> <li>• Accuracy of timesheets submitted by employees within manager's responsibility.</li> <li>• Work activities having limited supervision or open to collusion or manipulation.</li> <li>• Work practices associated with compliance and enforcement activities.</li> <li>• Formal or structured reviews of accounting and administrative controls.</li> <li>• The effectiveness of measures for reporting suspected fraud and corruption.</li> <li>• The public interest disclosure protective measures.</li> <li>• Workplace grievance practice.</li> <li>• The promotion of positive values and the benefits of ethical business practices.</li> <li>• Measures to ensure quick and decisive action on all suspected fraud and corruption situations.</li> </ul>
All employees, volunteers and contractors	<p>All Council officers who have any knowledge of fraudulent or corrupt activities/behaviour within Council have an obligation to report such matters to a manager/supervisor of the Chief Executive Officer.</p> <p>All Council Officers are also responsible for the following:</p> <ul style="list-style-type: none"> <li>• Acting appropriately when using official resources and handling and using public funds, whether they are involved with cash or payment systems, receipts or dealing with suppliers.</li> <li>• Understanding the <i>Fraud and Corruption Prevention Policy</i>.</li> <li>• Complying with internal control measures, policies, and procedures.</li> <li>• Being alert to the possibility that unusual events or transactions could be indicators of fraud or corruption.</li> <li>• Reporting suspected acts of fraud or corruption to their supervisor or manager, or if that is not appropriate to a Public Interest Disclosure Officer pursuant to the Public Interest Disclosures Guidelines.</li> <li>• Co-operating fully with whoever is conducting internal checks, reviews or investigations into possible acts of fraud or corruption.</li> <li>• Demonstrating and promoting an ethical and honest culture at Goondiwindi Regional Council in all elements of their role.</li> </ul>
Legal Officer	<p>Council's Legal Officer is responsible for the coordination of Council's <i>Fraud and Corruption Prevention Framework 2023-2025</i> and assisting Departments with risk identification, staff awareness and training programs and investigations where required.</p> <p>Responsibilities include:</p>



	<ul style="list-style-type: none"> <li>• Development and maintenance of Council <i>Fraud and Corruption Prevention Policy</i>: <ul style="list-style-type: none"> <li>- Respond to questions and/or provide training in relation to fraud and corruption control.</li> <li>- Management and monitoring of the fraud risks included within the Strategic and Operational Risk Registers;.</li> </ul> </li> <li>• Provide reporting on fraud and corruption control to Council, CEO, Auditors, Executive Leadership Team and employees.</li> </ul>
Internal Auditor	<p>Council Internal Auditor's responsibilities include:</p> <ul style="list-style-type: none"> <li>• The consideration, recommendation and reporting of fraud and corruption prevention, within the <i>Enterprise Risk Management Framework 2023-2025</i>, as part of internal audits.</li> <li>• Raising awareness and providing advice to the CEO, Executive Leadership Team, Legal Officer and Managers on risk management related matters, including fraud and corruption.</li> <li>• Support the CEO and Legal Officer in the planning, development and delivery of the <i>Enterprise Risk Management Framework 2023-2025</i> and <i>Fraud and Corruption Prevention Framework 2023-2025</i>.</li> </ul>

### 4.3 Fraud Risk Management

Risk management is crucial to fraud control and guiding the development of effective mitigation actions. Council is developing a comprehensive *Enterprise Risk Management Framework 2023-2025*. It is proposed that this Risk Framework be used as a tool to focus on both the identification and management of fraud risks in line with the Fraud Framework. To achieve this, it is proposed that fraud as an organisational risk will be reviewed across Council on an annual basis.

This risk review will particularly focus on the following:

- a. Impact of change in structure or function.
- b. The operating environment and the organisation's relative exposure to external and internal fraud.
- c. Exposure to ongoing and emerging fraud risks.
- d. The effectiveness of current treatment plans, controls and actions.

### 4.4 Fraud and Corruption Prevention Policy

Goondiwindi Regional Council has a *Fraud and Corruption Prevention Policy* (Fraud Policy) that should be read in conjunction with this Fraud Framework. The Fraud Policy refers to this Fraud Framework.

The Fraud Policy assists employees to understand what fraud is, and what to do if they suspect fraud is occurring. The roles and responsibilities are outlined in the Fraud Policy to detail what is expected of Councillors, CEO, Executive, Leadership Team, all staff, volunteers and contractors. An effective Fraud Policy includes:

- a. The definition of fraud and corruption.
- b. The organisation's position on fraud.
- c. An assurance that all allegations and investigations will be handled confidentially.
- d. Directions regarding how allegations and incidents of fraud are to be managed.

## 4.5 Preparation of a Fraud and Corruption Control Plan.

Chapter 5 and the Appendices build the foundation of the Fraud and Corruption Control Plan by outlining the strategies and actions for addressing the risk of fraud throughout the organisation. The details of individual risks, their controls and treatments to mitigate fraud, will be captured and managed within the Risk Framework and Risk Register.

## 4.6 Fraud and Corruption Control Model.

The Queensland *Fraud and Corruption Control Guide 2018* (Guide) sets out ten (10) areas on which public agencies should focus their fraud and corruption prevention efforts.

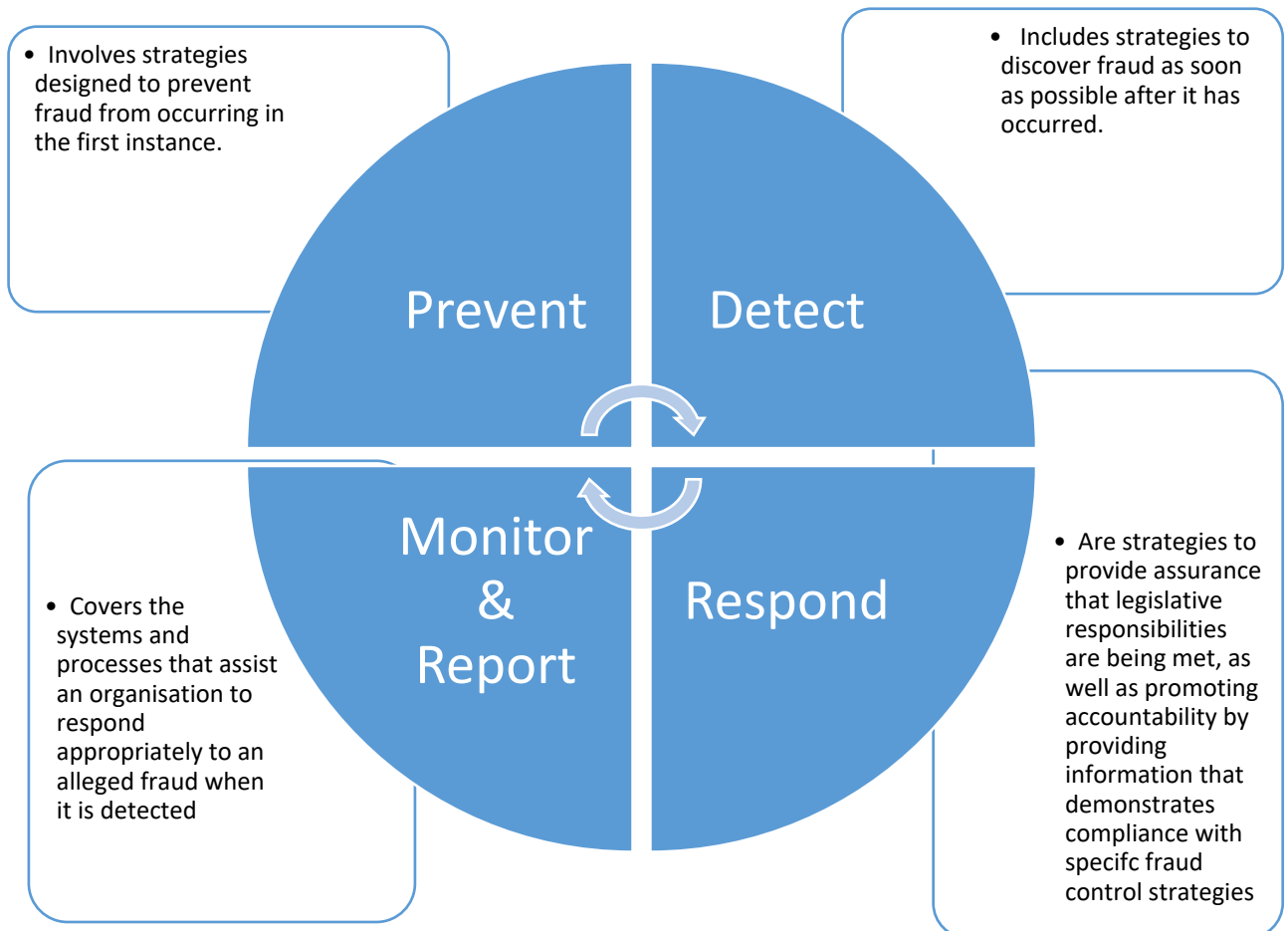
Council 's Fraud and Corruption Control Model considers these key elements within the Fraud Plan's strategies to (1) prevent, (2) detect, (3) respond, and (4) monitor and report, on fraud and corruption within the organisation.

Key Element	Prevention	Detection	Response	Monitor / Report
Coordination Mechanisms	Yes			Yes
Risk Management System	Yes	Yes	Yes	Yes
Internal Controls	Yes	Yes	Yes	
Reporting Processes	Yes		Yes	Yes
Protections and Support for Disclosers	Yes	Yes		
External Reporting		Yes	Yes	yes
Investigation Management Processes	Yes	Yes		
Code of Conduct	Yes			
Organisational Culture Change Program	Yes	Yes		
Client and Community Awareness	Yes	Yes		

For these four strategies to be effective each one requires active management and ownership within Council. The Chief Executive Officer and Executive Leadership Team require oversight through sound governance arrangements to ensure that all four strategies work together. All four strategies require regular review and enhancement. Management attention on these four strategies, along with the Risk Framework, will help strengthen the organisation's culture of integrity and ethical behaviour.

## 5. Fraud and Corruption Control Plan - Strategies

The control plan consists of four connecting strategies that flow cyclically through prevention, detection, response, and monitor and report. The diagram below outlines these connecting strategies and their specific functions. Each one is then expanded and then utilised in the Appendix 1 - Fraud Controls, and Appendix 2 – Fraud and Corruption Action Plan 2023-2025.



### 5.1 Fraud Strategy - Prevention

Fraud prevention strategies are the first line of defense and provide the most cost-effective method of controlling fraud within the organisation. To be effective, fraud prevention within an organisation requires several contributory elements, including an ethical organisational culture, a strong awareness of fraud among employees, suppliers and clients, and an effective internal control framework.

Key elements of effective fraud prevention include:

- A robust Fraud Policy and Code of Conduct.
- Sound fraud risk management processes.
- A comprehensive Fraud and Corruption Control Plan.
- Prudent employees.
- Regular Fraud Awareness training.

- f. Fraud-related controls for activities with a high fraud risk exposure.
- g. System controls to ensure accurate and up-to-date data.
- h. Communication about investigation outcomes to demonstrate that allegations and incidences of fraud are serious and appropriately dealt with.

A range of preventative approaches can be used to manage risk. The level of resources required can be managed based on the fraud risk exposure. General prevention strategies begin with codes of conduct, policies, awareness training and employee screening. More advanced risk preventions include supplier and customer screening, planned and random audits and the recruitment of experienced people or contractors for high-risk roles. The high-risk areas may require rotation of staff, high level of security clearance and access controls, regular supplier reviews and greater verification of the services delivered.

## Preventative Measures

### Code of Conduct

A robust Employee Code of Conduct and a Councillor Code of Conduct are integral in establishing an ethical culture. The Queensland State Government and Council's codes of conduct reinforces the need for transparency and honest ethical behaviour. The induction process for new staff and Councillors includes an understanding of the Code of Conduct and the behaviour expected of all Council employees and Councillors.

### Conflicts of Interest

The management of conflicts of interest is an integral part of establishing integrity and an ethical culture. Of primary concern within a government organisation is the conflict between private and public interests, and the effective management of this issue. Council's Code of Conduct for staff and for Councillors outlines the process to manage conflicts of interests. The induction process of staff and Councillors needs to build an understanding of the types of conflicts, the requirement to declare them and remove themselves from the decision-making process.

### Employment Screening

The screening of employees is an integral part of an organisation's fraud prevention strategy.

Practical steps are taken in the screening of a new staff member (particularly in high-risk areas) including:

- a. Verification of identity, including presentation of two different forms of current identity documents.
- b. Police criminal history search in all states and any countries where the individual has resided.
- c. Reference checks with the two most recent employers and any public sector employer.
- d. Checking with any relevant professional licensing or registration board to determine whether an inquiry by a professional licensing or registration body is pending.

Examples include such organisations as the Institute of Chartered Accountants in Australia, CPA Australia or the relevant State or Territory Bar Association.

- e. Consideration through interview and any necessary follow-up of any employment history gaps and reasons for those gaps.
- f. Verification of qualifications through an independent source, for example; by calling the relevant institutions rather than relying on information or documentation provided by the individual.
- g. Psychometric testing may also be relevant for supervisory and management positions, and/or positions requiring greater security controls.

## Fraud Awareness Training

All Councillors and staff members should have a general awareness of fraud, how they should respond and Council's processes if this type of activity is detected or suspected within the workplace.

Fraud Awareness training is an effective method of ensuring that all Councillors and employees are aware of their responsibilities for fraud control and of expectations pertaining to ethical behaviour in the workplace.

## Screening Service Providers

Confirming the identity and reputation of service providers is important in managing fraud control within an organisation. The vetting of service providers is tailored to the materiality and relative risk the individual or organisation represents.

Depending upon the relative importance and risk presented by the service provider, practical steps should be taken to verify their bona fides on both an initial and periodic basis and include:

- a. Checking that the organisation's trading address and telephone listing matches its contact details.
- b. Searching the company register (if the supplier is incorporated).
- c. Confirming that the organisation's Australian Business Number (ABN) corresponds to its company register ACN.
- d. Verifying the personal details of Directors, including conducting a Bankruptcy search and Disqualification search.
- e. Confirming current legal proceedings pending and judgments entered.
- f. Confirming the entity's registration with the appropriate Chamber of Commerce or industry association (if applicable).
- g. Reference checks with other independent companies the supplier has provided services to.

## Policies to Mitigate Risks

Council's suite of policies to mitigate risks will include the following:

- a. *Code of Conduct for Staff*
- b. *Code of Conduct for Councillors in Queensland (State Government Policy)*

- c. *Complaints Against the Public Official – Crime and Misconduct Commission s48 Policy*
- d. *Councillor Remuneration and Expenses Policy*
- e. *Councillor Travel and Attendance Policy*
- f. *Complaints Management Policy*
- g. *Entertainment and Hospitality Policy*
- h. *Equal Employment Opportunity Policy*
- i. *Financial Management Policy*
- j. *Fraud and Corruption Prevention Policy*
- k. *Gifts and Benefits Policy*
- l. *Information Privacy Policy*
- m. *Information Security Policy*
- n. *Internal Audit Policy*
- o. *Investigation Policy*
- p. *Model Meeting Procedures*
- q. *Procurement Policy*
- r. *Public Interest Disclosure Guidelines*
- s. *Risk Management Policy*
- t. *Standing Orders Policy*

Additional beneficial policies to strengthen higher risk areas may include:

- a. *Intellectual Property Policy*
- b. *Competitive Neutrality Complaints Policy*
- c. *Councillor Access to Council Information Policy*
- d. *Councillor Contact with Lobbyists, Developers and Submitters Policy*
- e. *Disposal of Assets Guidelines*
- f. *Private Works Policy*
- g. *Related Party Guidelines*
- h. *Third Party Copyright Policy*

## Fraud Controls for High-Risk Processes and Activities

Every organisation has certain processes or activities that have a higher fraud exposure than others. These high-risk areas are analysed to determine whether they need to be the subject of specific fraud controls.

It is important that the controls established to manage these high-risk areas are actively monitored and understood by relevant personnel. Examples of processes with a higher inherent fraud risk include: payroll, accounts payable; cash handling; pre-payments; travel and subsistence payments; works contracts and grant programs.

Relevant controls to be considered by Managers undertaking their risk and fraud assessments include:

- a. Segregation of duties.
- b. Hierarchy of approvals for procurement, along with appropriate financial delegations.
- c. Hard coded IT system controls (that is, access restrictions or dollar value limits for processing transactions).
- d. Effective procedural controls and management oversight where appropriate.

- e. Physical security measures, including the use of safes and physical access restrictions.
- f. The deterrent effect of regular and random quality assurance checks by management to determine the existence of a service or goods procured.
- g. Regular supplier reviews and the maintenance of a register of noncompliance/ breaches of contractual conditions and reporting requirements.
- h. Rotation of personnel in high-risk positions.
- i. Enforcement and management of staff requirement to take regular annual leave and balances not to accrue to high levels.
- j. IT software controls and staff training to mitigate cyber-crime.

## 5.2 Fraud Strategy - Detect

Local Government is susceptible to fraud and no system of preventative controls can provide absolute assurance. As such, Council has implemented systems aimed at assisting with the detection of fraud as soon as possible after it has occurred, if the Council's preventative systems fail.

The source of fraudulent activity may be: internal (perpetrated by an employee or contractor of an organisation); external (perpetrated by a customer, or an external service provider or through cyber-crime activities); or complex (for example, involve collaboration between employees, contractors, and external service providers).

The controls to be used, along with their associated costs, need to be considered with respect to the nature and scale of the fraud risks they are designed to address.

### Detection Measures

#### Effective Passive Internal Controls

Internal controls are an effective detector of fraud. Examples of detecting internal controls include:

- a. Regular independent reconciliation of accounts.
- b. Independent confirmation of service delivery where suppliers are paid in advance for services.
- c. Checks of credit card purchases against receipts as part of the approval process.
- d. Physical security, for example:
  - i. security cameras.
  - ii. staff who know their jobs (people who are familiar with their jobs are more likely to be able to identify anomalies).
  - iii. job rotation/mandatory leave.
  - iv. comparisons between budgeted and actual figures and the follow-up of discrepancies.
  - v. audit trails and system access logs and the regular review of these.
  - vi. exception reporting.
  - vii. quality assurance.
  - viii. surprise audits.
  - ix. management review.

## Encouragement to Report Fraud Allegations – Public Disclosure Guideline

Allegations made by Councillors, employees, contractors, volunteers and members of the public can often lead to the uncovering of fraud. One way organisations can detect fraud is through encouraging Councillors, employees, volunteers, contractors, service providers and, where relevant, members of the public, to report their suspicions of fraud through the Public Interest Disclosure Guideline.

Individuals are more likely to report allegations of fraud when they have some protection through the Public Disclosure Guideline. Confidentiality in handling the information provided and information privacy for the individual are important factors to manage when detecting and disclosing potential allegations.

### **Allegations made by Members of the Public or Contractors**

Council is committed to the disclosure, in the public interest, of information about wrongdoing in the public sector and to provide protection for those who make disclosures. Council's *Public Interest Disclosure Guidelines* sets out all the relevant details associated with disclosure of reportable conduct including disclosure process, investigation and protection.

### **Allegations made by Employees**

Fraud is a criminal offence and as such comes under the provisions of criminal law administered through the Police Services. Where an employee has some evidence or suspicion of fraud there are several avenues for reporting.

*Code of Conduct for Employees.*

Where a matter particularly relates to an alleged breach of the Code of Conduct provision is made in that policy for employees to report the matter directly to their Supervisor, Manager or where appropriate, the Chief Executive Officer.

*Suspicion of Fraud*

Where an employee suspects that a Council employee or contractor may be undertaking fraudulent activities, the matter should be raised with the employees' immediate supervisor or if that is not appropriate the next senior officer. Council's Human Resources Officer or Legal Officer is also available to provide advice and to assist where possible.

### **Allegations made by Councillors**

Where a Councillor has some evidence or suspicion of fraud there are a number of avenues in reporting.

*Code of Conduct for Councillors in Queensland.*

Where a matter particularly relates to an alleged breach of the Code of Conduct provision is made in that policy for Councillors.

*Suspicion of Fraud*

Where a Councillor suspects that a Council employee or contractor may be undertaking fraudulent activities, the matter should be raised directly with the Chief Executive Officer.



## Allegation made against the Chief Executive Officer

Allegations made against the Chief Executive Officer (CEO) are to be directed to the Council's Legal Officer, nominated in accordance with Council's *Complaints about the Public Official: Section 48A of the Crime and Corruption Act 2001 Policy*.

## Effective Active Internal Controls

Effective detection controls need to include assertive management involvement that pro-actively targets early warning signs, anomalies in management accounting and specific areas of the organisation where allegations or concerns of potential fraud are being raised.

### Detecting Early Warning Signs

Early warning signs of fraud activity, often raised as 'red-flags', can be used to profile possible internal perpetrators. The CEO, Directors, Managers and Coordinators all need to be vigilant in actively monitoring individuals and activity areas to detect early warning signs.

The likelihood and consequence of fraud is likely to be significantly reduced where detection is identified and addressed early.

Warning signs to monitor include:

Individuals
Unwillingness to share duties, including but not limited to: <ul style="list-style-type: none"><li>• Unwillingness, or refusal to share information or access to required documentation.</li><li>• Poor records management practices.</li><li>• Bullying or challenging behaviour towards other staff.</li><li>• Presentation of behaviour as a 'victim' and deflecting blame to others.</li><li>• Manipulation of tasks and people allocated to undertake them.</li><li>• Working out of hours and/or away from the office environment to minimise the level of oversight and supervision of their activities.</li></ul>
Refusal to take leave, including but not limited to: <ul style="list-style-type: none"><li>• Booking leave and then cancelling it repeatedly, or without reasonable merit</li><li>• Building up excessive leave balances for annual leave and rostered days off.</li><li>• Repeatedly making excuses for why leave cannot be taken.</li><li>• Evading instructions to take leave by relying on a manager's trust in the individual, or lack of supervision and follow-up.</li></ul>
Refusal to implement internal controls, including but not limited to: <ul style="list-style-type: none"><li>• Utilisation of external data storage systems such as USB sticks or data storage banks.</li><li>• Absenteeism from required training programs.</li><li>• Failing to report on internal controls under their responsibility.</li><li>• Misleading management through incorrect, or inadequate reporting.</li><li>• Failing to follow Council's policies and procedures.</li></ul>
The replacement of existing suppliers upon appointment to a position or unusually close association with a vendor or customer. This may include: <ul style="list-style-type: none"><li>• Failing to declare conflicts of interest and/or previous association or personal connection.</li><li>• Inadequately undertaking required procurement processes.</li></ul>

<ul style="list-style-type: none"> <li>• Repeatedly using the same provider for smaller break-down of works to keep the costs under the threshold for three quotes.</li> <li>• Repeatedly contracting out works that are not necessary or could be undertaken by other staff members.</li> </ul>
<p>A lifestyle above apparent financial means. This may include the provision of gifts to other staff members. This may also include:</p> <ul style="list-style-type: none"> <li>• Potential bragging about dining out or entertainment in exclusive locations.</li> <li>• Purchasing properties beyond their perceived means.</li> <li>• Failure to declare property purchases within the region or in adjoining regions as part of their required disclosure.</li> </ul>
<p>Failure to keep records and provide receipts.</p> <ul style="list-style-type: none"> <li>• Purchasing private goods on the corporate credit card without adequate disclosure of why required.</li> <li>• Paying for food and beverages for others on the corporate credit card and claiming it as hospitality.</li> <li>• Frequently misplacing or losing receipts, even if willing to sign a statutory declaration.</li> </ul>
<p>Chronic shortage of cash or seeking salary advances. This may also include:</p> <ul style="list-style-type: none"> <li>• Asking other staff for loans or to purchase items or food on their behalf.</li> </ul>
<p>Past legal problems (including minor previous thefts).</p>
<p>Addiction problems (substance or gambling).</p>
<p>Abnormally high and increasing costs for individual Councillors seeking reimbursements beyond the average of other Councillors. This may include but not limited to:</p> <ul style="list-style-type: none"> <li>• Excessive claims for travel mileage, child-care, accommodation, food and beverages.</li> <li>• Claims for additional benefits or unrelated activities when attending conferences.</li> <li>• Excessive usage of the Council's internet provision.</li> </ul>

Areas or Activities
Financial information reported is inconsistent with key performance indicators.
Abnormally high and increasing costs in a specific cost centre function.
Dubious record keeping.
High overheads.
Bank reconciliations not up to date.
Inadequate segregation of duties, or collusion to limit the number of people involved to only a few.
Reconciliations not performed on a regular basis.
Small cash discrepancies over a period.
<p>Increased numbers of complaints from customers about an area. This may include:</p> <ul style="list-style-type: none"> <li>• Irregularities with payments they've made but not receipted correctly.</li> <li>• Unauthorised private works being undertaken with Council's equipment.</li> </ul>

## **Analysis of Management Accounting Reports**

The analysis of management accounting reports can reveal anomalies which may be indicative of fraud. Monthly actual versus budget comparison reports for individual cost centres, reports comparing expenditure against prior periods and reports highlighting unusual trends in bad or doubtful debts all may reveal areas which should be further investigated.

## **Reporting Mechanisms**

Allegations of unethical behaviour raised through the organisation's reporting mechanisms can be 'mapped' to show targeted areas of interest for potential fraud throughout the organisation. Multiple allegations about an area or individual potentially highlight an issue of either fraud or control weakness.

Targeted areas may also be identified through an assessment under *Council's Enterprise Risk Management Framework*. It is proposed that each area review fraud risk across Council and identify such risks within the Council's operational and/or project risk registers. The management of such risks will largely be managed within that system with an overall appraisal undertaken as part of the review of the Fraud and Corruption Control Plan.

## **Vulnerable Staffing Position**

The open nature of the duties of several positions makes them especially vulnerable to fraud. For these positions, but also other positions generally, action to detect irregularities and fraud needs to focus on:

- Regular performance appraisals, mandatory disclosure of interests, assets, hospitality and gifts.
- Close monitoring in relation to existing computer data mining to draw attention to transactions, or information access, that appear to depart from established norms or relevance to the position.
- Supervision through random checks for individuals working remotely, particularly where their role includes financial dealings or procurement.

## **Data Mining to Undertake Post Transactional Reviews**

Indicators of fraud, misconduct and error can often be found within an organisation's financial and operational data. The use of data mining/analysis techniques and tools can assist with the identification of such indicators.

The benefits of using data analysis include:

- Analysis of suspicious transactions, for example, duplicate payments or claims.
- Identification of unusual relationships, for example, employee bank account matches a vendor bank account.
- Assessing the effectiveness of internal controls, for example, password sharing, employees remaining on the payroll after termination/resignation.
- Identification of irregular trends over periods of time, for example, supplier favouritism.
- An ability to analyse large volumes of transactions over periods of time rather than relying on sampling techniques.

## Data Mining and Data Matching

Compared with manual or routine record checking, technological advances in data processing allow for efficiencies in locating records and potential fraud. Where relevant information is held by other organisations, data mining/matching can provide significant benefits including:

- Uncovering and reducing fraud;
- Encouraging better compliance; and
- Improving the quality of data held on the systems of participating organisations.

Organisations need to be mindful of privacy considerations and implement appropriate processes to ensure that any data mining/matching activities conform to legislative requirements.

## Detection of Fraud by Contract Providers or Suppliers

External fraud includes the fraudulent conduct of service providers who charge Council for goods or services that are not delivered, or delivered in an incomplete way.

Service providers or contractors may also act fraudulently, or corruptly, but working in collusion with other suppliers providing the same or similar services to Council. Price fixing can escalate the annual supply costs when known service providers work together to elevate the actual costs of their services, rather than competing on price.

Most cases of external service provider fraud are discovered through day-to-day contract management and associated controls. The aim of contract management is to ensure that deliverables are provided to the required standard, within the agreed timeframe, and achieve value for money. A central risk to the success of a contract is the management of external service provider performance, including the potential for fraud, or inappropriate conduct by the external service providers.

Council's Financial Management System supported by Council's *Procurement Policy* underpins the required practice in dealing with contractors. Many Council officers have financial delegations and with these delegations come a responsibility to be vigilant and alert to potential fraud on the part of contract providers.

Council staff suspecting potential fraud by a supplier or contractor needs to advise their supervisor and to take all reasonable steps to ensure that the strongest possible internal control systems and a positive work culture are in place.

Adherence to Council's *Procurement Policy* and particularly the checks and balances for purchase order processes, are important and must be followed. These processes are not only important internal controls, but they also provide protection for staff members against allegations of collusion and negligence.

## Internal Audits

Responsibility for managing the risk of fraud, like responsibility for managing all risks, rests with management as part of its ongoing responsibilities. However, internal audit can assist Council to manage fraud control by advising on the risk of fraud and the design or adequacy of internal controls. It can also assist in detecting fraud by considering fraud risks as part of its audit planning and being alert to indicators that fraud may have occurred.

## 5.3 Fraud Strategy - Respond

### Fraud Response Measures

The identification of fraudulent activities requires a response from management. This is a key element of the overall Fraud and Corruption Control Plan.

Fraud is a criminal offence therefore the primary responsibility for investigating fraud cases rests with the Police Service. However, Council needs to be responsive and vigilant in undertaking preliminary investigations to determine whether allegations have sufficient grounds to be taken further.

There are some situations that will be clear-cut. Evidence that cash is missing, and Council can quickly determine the circumstances allows for easy referral of the matter to the Police. Other possible fraudulent behaviour may not be as clear, and some preliminary work will need to be undertaken to form an opinion by senior management that referral to the Police is warranted.

Fraudulent behaviour can also be closely connected to official misconduct and corruption which are particularly dealt with under the provisions of the *Crime and Misconduct Act 2001*. This legislation has a clear process for reporting and investigating and in many cases, this will override allegations of fraudulent behaviour.

Council does not have the resources to appoint a dedicated fraud management officer, so fraud investigation may need to be undertaken with the involvement of specific staff.

Council's Legal Officer, on behalf of the CEO, will be the lead in capturing and responding to fraud allegations, and overseeing the delivery of the Fraud and Corruption Control Plan.

At any stage allegations of fraud can be forwarded directly to the Chief Executive Officer, however the Legal Officer will generally play a role in facilitating the initial assessment and coordinating the overall process including complying to reporting obligations.

Council's Manager Finance has responsibilities relating to fraud detection and data mining. This may extend further to support initial investigations of alleged fraud. Where required support will be provided from Council's Information Technology Team and Human Resource Management Team.

### Fraud Investigations

The fraud investigation will gather evidence relating to specific fraud allegations to determine the facts relating to the matter and to assist in deciding what, if any, action should be taken in relation to the matter(s).

In most situations fraud investigations would be undertaken by the Police. The Police are skilled in undertaking methodical investigations. They also have access to important services that may assist in an investigation such as forensic science, documentation examination, fingerprint analysis, DNA testing, ballistic testing and computer forensics.

There may be some situations where aspects of the investigation can be required by Council staff or external investigators appointed by Council.

Council staff are required to assist in any investigation, where requested, and not obstruct Police or delegated staff in the conduct of an investigation. Council staff must not knowingly destruct any documents, systems data or evidence that may be required for an investigation.

## 5.4 Fraud Strategy – Monitor and Report

### Fraud Monitor and Reporting Measures

Effective monitoring and evaluation of an organisation's fraud control strategies can assist managers and other decision-makers to:

- a. Assess the continued relevance and priority of fraud strategies in the light of current and emerging risks;
- b. Test whether fraud strategies are targeting the desired areas and being effective; and
- c. Ascertain whether there are more cost-effective ways of combating fraud.

Evaluations also have the capacity to establish causal links, and, over time, an evaluation strategy has the potential to provide insights into:

- a. the appropriate balance between fraud prevention and detection strategies; and
- b. the relative weighting of incentives that focus on reducing the potential losses from fraud in the first instance, as opposed to discovering fraud after it has occurred.

### Reporting

There is a legal requirement for Council to notify the Crime and Corruption Commission (CCC), the appropriate Minister, the Queensland Auditor-General and the Queensland Police once Council becomes aware of a loss. The following table outlines the obligations:

Type of Loss	Response
A 'material loss' is	Cash or equivalent of \$500 Assets valued at over \$1,000
All losses that result from a criminal offence or suspected corrupt conduct	Must be recorded in the Fraud Register
All material losses	Must be recorded. Must be reported to: <ul style="list-style-type: none"> <li>• the appropriate Minister;</li> <li>• the Auditor-General</li> </ul>
Material losses that result from criminal offences	Must be recorded. Must be reported to: <ul style="list-style-type: none"> <li>• the appropriate Minister;</li> <li>• the Auditor-General</li> <li>• Queensland Police Service</li> </ul>
Material losses that result from suspected corrupt conduct by employees or contractors	Must be recorded. Must be reported to: <ul style="list-style-type: none"> <li>• the appropriate Minister;</li> <li>• the Auditor-General</li> <li>• Crime and Corruption Commission</li> </ul>

## Appendix 1 – Fraud Controls

### 1. Fraud Prevention Control Activities

The following table outlines the framework of activities to support the prevention of crime and corrupt conduct.

Element	Component	Activities Required	Oversight	Timeline / Cycle
Coordination Mechanisms	Fraud and Corruption Prevention Policy and Control Plan	Review the <i>Fraud and Corruption Prevention Policy</i> and <i>Fraud and Corruption Prevention Framework</i> to identify refinements or changes required. Amend, re-adopt and publish on Council's website.	CEO and Legal Officer	Initial adoption by 31 December 2023, then at the completion of the Framework October to December 2025.
Risk Management System	Enterprise Risk Management Framework	Develop <i>Council's Enterprise Risk Management Framework</i> .	Legal Officer with CEO Project Officer, CEO and Directors	By October 2023
Internal Controls	Governance Policies that support the Fraud Plan	Review and update the listed policies that support the Plan	Legal Officer with relevant responsible Managers and Officers	Each policy reviewed at least once within the term of each Council, and/or by their due review date
	Caretaker Period Restrictions - Councillor Training & Induction	Councillors to be advised of Caretaker Period provisions that restrict the types of decisions that can be made and the use of Council equipment, resources, and assets for any electioneering purposes.	CEO and Legal Officer	By 31 January 2024.
	Councillor Induction/Transition Program	All new and returning Councillors to be inducted so they understand the responsibilities of their role, the Code of Conduct requirements, and the legislative and policy framework they operate within.	CEO and Legal Officer	By 30 June 2024 and a refresher by June 2026

		This induction program would benefit from including as a minimum: working together as a team, setting strategic directions, legislative framework and the <i>Local Government Act 2012, Code of Conduct for Queensland Councillors</i> , conflicts of interest, policies relating directly to Councillors, meeting procedures, risk management and fraud prevention, and separation of duties.		
Organisational Culture	Position Descriptions	Every position description needs to contain a statement outlining clear accountability and reporting responsibilities. Each position description being reviewed should be updated to include the statement if missing	Human Resources Officer and Managers	As part of annual staff reviews and/or filling vacancies.
	Staff Recruitment Screening	Recruitment screening requirements need to include referee checks of at least two people to whom the person reported directly.  The more senior the role or roles identified as potential higher risk exposures should have increased screening of qualifications, previous work history and potentially psychometric testing.	Human Resources Officer and Managers	For each new person appointed into the organisation, or those advancing into a senior leadership role.
Code of Conduct	Staff Code of Conduct	The Staff Code of Conduct to be reviewed and updated, following which staff are to be provided a copy and required to sign agreement they have received it.	Human Resources Officer	By 30 June 2024 then reviewed on a four-yearly cycle, or more frequently if required.
	Staff Induction	All new staff inductions need to include as a minimum a session on Code of Conduct, conflicts of interest, fraud and risk management, OH&S, use of Council equipment and information technology, receipt of gifts and hospitality, and reporting requirements.	Human Resources Officer, OH&S Officer and recruiting Managers	Within one month of commencement.
	Staff Training	All staff to undertake corporate training in the following areas as a minimum: Code of Conduct, conflicts of interest, fraud and risk management, OH&S, use of	Human Resources Officer, OH&S	Every two years



		Council equipment and information technology, receipt of gifts and hospitality, and reporting requirements.	Officer and Managers	
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## 2. Fraud Detection Control Activities

The following table outlines the framework of activities to support the detection of crime and corrupt conduct.

Element	Component	Activities Required	Oversight	Timeline / Cycle
Client and Community Awareness	Public Disclosures	Review the <i>Public Disclosure Policy</i> and procedures associated for internal and external reporting and publish the policy on the website.	Legal Officer	By July 2024
Investigation Management Processes	Allegations	Managers to report any identified fraud or corrupt activities to the Legal Officer, or directly to the CEO	Department Managers	Within one day of detection.
	Investigations	All suspected instances of fraud and corruption from external or internal sources, to be reported to the Legal Officer, or directly to the CEO.	Legal Officer	As required
	Internal Audits	Recommendations to be presented to CEO for consideration by the Executive Leadership Team and placed on the master spreadsheet.	Internal Auditor, CEO and Legal Officer	Upon completion of each audit.
		Executive Leadership Team to respond promptly to internal audit findings and recommendations, particularly those listed as high risk, and review the list of outstanding items annually as a minimum.	CEO and Directors	Following each audit review and then annually
External reporting	Audits by Auditor-Generals Office	Council to respond promptly to any audit findings and recommendations.	CEO and Directors, Legal Officer and Manager Finance	As required

### 3. Fraud Response Control Activities

The following table outlines the framework of activities to support the response to crime and corrupt conduct.

Element	Component	Activities Required	Oversight	Timeline / Cycle
External Reporting	Investigations	Reports to the various external agencies of alleged fraud to be managed in accordance with legislative and regulatory requirements: <ul style="list-style-type: none"> <li>• Suspected corrupt conduct (which includes fraud) to the CCC.</li> <li>• Notify reportable losses to the Auditor-General, Minister and Police (if relevant).</li> </ul>	Legal Officer or CEO	In accordance with regulated timeframes and requirements
Investigation Management Processes	Commence Investigations	Conduct investigations according to relevant legislation, regulation, policy requirement and/or upon instruction from CCC or Police.	Legal Officer with CCC and/or Police	In accordance with regulated CCC and Police requirements
Client and Community Awareness	Public Disclosures	Management to take all reasonable steps to protect disclosers and ensure all victimisation is dealt with swiftly	CEO, Legal Officer, Directors and Department Managers	Ongoing
Reporting Processes	Processes and Procedures	Reinforcement of internal controls and prevention mechanisms through training in any new processes of procedures.	Department Managers	Ongoing

## 4. Fraud Monitoring and Reporting Control Activities

The following table outlines the framework of activities to support the monitoring and reporting of crime and corrupt conduct.

Element	Component	Activities Required	Oversight	Timeline / Cycle
Reporting Processes	Allegations	Update the Fraud Register and other appropriate records of all allegations received	Legal Officer	As required
	Fraud Control	Provide an annual update to Council on the organisational management of risk and fraud.	CEO	Annually, following the completion of the organisational strategic risk and fraud review.
External Reporting	Public Disclosures	Undertake any required public reporting on fraud and risk management within the Annual Report, or otherwise required by legislation or regulation.	Legal Officer and Communications Team	By 30 September as part of the Annual Report.
	Investigations	Advise the various external agencies of the outcome of any reported investigations. <ul style="list-style-type: none"> <li>• Suspected corrupt conduct (which includes fraud) to the CCC.</li> <li>• Reportable losses to the Auditor-General, Minister and Police (if relevant).</li> </ul>	Legal Officer	As required.
Coordination Mechanisms	Internal Audit Plan	Consider high fraud areas, as one of the aspects to determine the Annual Internal Audit Plan	CEO, Directors and Legal Officer	By 30 June annually.

## Appendix 2 - Fraud and Corruption Action Plan – 2023-2025

This audit program addresses our legislative obligations while remaining responsive to the areas of interest to the Council. Council’s Executive Leadership Team provides a mechanism for the oversight and conduct of all aspects of a mandatory audit function.

For the financial year 2023/2024 and 2024/2025, it is proposed to complete the following actions.

	Schedule	Strategy	Actions	Completion Timeline
1	July to December 2023	Prevention	The <i>Fraud and Corruption Prevention Framework</i> to be presented to Council for consideration and adoption following a process of review and refinement.	Presented to Council for adoption by 31 December 2023
2		Prevention	Develop Council’s <i>Enterprise Risk Management Framework</i> .	By 31 October 2023

	Schedule	Strategy	Actions	Completion Timeline
1	January to June 2024	Prevention	Councillors to be advised of Caretaker Period provisions that restrict the types of decisions that can be made and the use of Council equipment, resources, and assets for any electioneering purposes.	By 31 January 2024
2		Prevention	The Councillors Induction/Transition Program to include awareness and understanding of the <i>Enterprise Risk Management Framework</i> , including the <i>Fraud and Corruption Prevention Framework</i> .	Councillors inducted in Risk and Fraud by June 2024.
3		Prevention	The Councillor Induction/Transition Program to include awareness and understanding of the following Policies: <ul style="list-style-type: none"> <li>• Councillor Code of Conduct in Queensland</li> <li>• Councillor Remuneration and Expenses Policy</li> <li>• Councillor Travel and Attendance Policy</li> <li>• Entertainment and Hospitality Policy;</li> </ul>	Councillors inducted in Councillor Related Policies by June 2024.

			<ul style="list-style-type: none"> <li>Councillor Contact with Lobbyists, Developers and Submitters Policy.</li> </ul>	
4		Prevention	The Staff Code of Conduct to be reviewed and updated, following which staff are to be provided a copy and required to sign agreement they have received it.	By 30 June 2024
5		Prevention	<p>A corporate staff induction and staff training program for new staff and existing staff to be developed. Inclusions as a minimum to include:</p> <ul style="list-style-type: none"> <li>Code of Conduct,</li> <li>conflicts of interest,</li> <li>fraud and risk management,</li> <li>OH&amp;S,</li> <li>use of Council equipment</li> <li>information technology,</li> <li>receipt of gifts and hospitality, and</li> <li>reporting requirements.</li> </ul> <p>Other additional induction and training such as learning and development, role specific training, systems training would be provided based on the position.</p>	By 30 June 2024
6		Prevention	All staff to undertake corporate training in the following areas as a minimum: Code of Conduct, conflicts of interest, fraud and risk management, OH&S, use of Council equipment and information technology, receipt of gifts and hospitality, and reporting requirements.	By 30 June 2024
7		Detect	Council to respond promptly to any Auditor-General's audit findings and recommendations.	By 30 June 2024
8		Detect	Executive Leadership Team to respond promptly to internal audit findings and recommendations, particularly those listed as high risk, and review the list of outstanding items annually as a minimum.	Following each audit report and then annually for the full list
9		Monitor	Consider high fraud areas, as one of the aspects to determine the Annual Internal Audit Plan	By 30 June annually

	Schedule	Strategy	Actions	Completion Timeline
1	July to December 2024	Prevention	The Council elected in March 2024 are required to review and adopt the following Councillor related risk management policies including: <ul style="list-style-type: none"> <li>• Councillor Code of Conduct</li> <li>• Councillor Remuneration and Expenses Policy</li> <li>• Councillor Travel and Attendance Policy</li> <li>• Entertainment and Hospitality Policy;</li> <li>• Gifts and Benefits Policy (new policy – consider conjoining with Entertainment and Hospitality Policy);</li> <li>• Councillor Contact with Lobbyists, Developers and Submitters Policy.</li> </ul>	Councillors to review policies and schedule these for consideration and adoption by 31 December 2024.
2		Detect	Review the Public Disclosure Policy and procedures associated for internal and external reporting and publish the policy on the website.	By 31 July 2024

	Schedule	Strategy	Actions	Completion Timeline
1	January to June 2025	Prevention	The Council develop and consider for adoption new policies to strengthen the suite of fraud and risk management policies including: <ul style="list-style-type: none"> <li>• Intellectual Property Policy.</li> </ul>	Councillors to review policies and schedule these for consideration and adoption by 30 June 2025
2		Prevention	Every position description needs to contain a statement requiring the outlining clear accountability and reporting responsibilities. Each position description being reviewed should be updated to include the statement if missing	Position descriptions to be updated prior to advertising positions.
3		Prevention	Recruitment screening requirements need to include referee checks of at least two people to whom the person reported directly. The more senior the role or roles identified as potential higher risk exposures should have increased screening of qualifications, previous work history and potentially psychometric testing.	To be considered and incorporated to the level required dependent on the position being recruited.

4		Detect	Council to respond promptly to any Auditor-General's audit findings and recommendations.	By 30 June 2025
5		Detect	Executive Leadership Team to respond promptly to internal audit findings and recommendations, particularly those listed as high risk, and review the list of outstanding items annually as a minimum.	Following each audit report and then annually for the full list
6		Monitor	Consider high fraud areas, as one of the aspects to determine the Annual Internal Audit Plan	By 30 June annually

	Schedule	Strategy	Actions	Completion Timeline
1	Annually or as scheduled	Prevention	Review the <i>Fraud and Corruption Prevention Policy</i> and <i>Fraud and Corruption Prevention Framework</i> to identify refinements or changes. Amend, re-adopt and publish on Council's website.	By the end of their designated framework term. Initially this will be by 31 October 2025.

## Appendix 3 – Fraud and Corruption Control Plan – CCC Best Practice Checklist

### Key Element 1 – Coordination Mechanism

#### Checklist: Coordination mechanisms

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

- Does the organisation have a fraud and corruption control policy?
- Does the policy clearly state the organisation's zero-tolerance stance on fraud and corruption?
- Is the policy based on a risk-management approach, which identifies and targets those fraud and corruption risks specific to the entity?
- Does the policy address the following fraud and corruption control elements:
  - coordination mechanisms
  - risk management system
  - internal controls
  - reporting system
  - protections and supports for disclosers
  - organisational reporting
  - investigation management processes
  - code of conduct
  - staff education and organisational culture change program
  - client and community awareness?
- Have all relevant stakeholders been involved in developing the overall policy?
- Does the policy:
  - clearly communicate the organisation's values and business practices
  - articulate the commitment of the CEO and senior management to these principles?
- Is there a person or group designated as owning and administering the fraud and corruption control policy?
- Does the organisation have a fraud and corruption control plan?
- Does the plan reflect the organisation's corruption prevention policy?
- Does the plan include:
  - mechanisms to identify and record threats
  - appropriate responses to identified threats
  - details of the strategies and controls to address identified risks
  - allocation of responsibility for implementing the strategies
  - timeframes for implementing the strategies
  - mechanisms for monitoring the implementation of the strategies?
- Do the fraud and corruption control plan, corporate plan and other management plans support each other?
- Does the organisation have other policies and procedures that support the Plan?
- Do all associated policies and procedures (i.e. associated with fraud and corruption control):
  - reflect the specific needs of the organisation
  - complement each other and operate in an integrated and cohesive manner?
- Has the organisation provided adequate resources for the program?



- Does the fraud control officer monitor the performance of staff responsible for implementing the fraud control plan?
- Does the organisation have appropriate management and oversight functions, including:
  - corporate governance
  - an audit committee
  - a risk management committee
  - a fraud manager?
- Have the policy and plan been reviewed within the last two years?
- Are there standing arrangements to review the policy and plan on a periodic basis?
- Is there a structured approach to implementing significant review recommendations?
- Have the recommendations for any changes or improvements to policy and operational procedures been prioritised or implemented?
- Is the policy easily accessible to all stakeholders?
- Are there effective communication or extension programs to raise awareness of the organisation's fraud and corruption control policy and plan?

## Key Element 2 – Risk Management System

### Checklist: Risk management system

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

#### Legislative requirements

- Does the organisation have a risk management system? (FAA section 61 (b), FPMS sections 7 and 15(1)(h))  
If yes,
  - Is it reviewed regularly (at least every two years) to ensure it is still appropriate? (FPMS section 15 (3))
- If there is a risk management committee, does it have regard to the "Audit committee guidelines – Improving Accountability and Performance", (Queensland Treasury) (FPMS, section 28)?

#### Recommended Best Practice

- Does the organisation's risk management system cover fraud and corruption risks?
- Does the organisation have a comprehensive program of fraud and corruption risk assessment?
- Does the program of risk assessment use a methodology consistent with the *Australian Standards AS8001: 2008: Fraud and Corruption Control Guidelines 3.6* and *AS/NZS ISO 31000:2009: Risk Management*?
- Is the organisation's risk review and assessment process thoroughly documented?
- If a fraud and corruption risk assessment has been conducted, did it:
  - actively involve all relevant stakeholders
  - capture all of the organisation's at-risk functions
  - establish the vulnerability of business processes and related tasks or activities
  - identify likely internal and external threats
  - take account of both current and possible future threats
  - review data from the organisation's fraud register
  - rate the probable risks appropriately
  - consider appropriate controls to both prevent and detect fraud
  - prioritise the implementation of control treatments accordingly
  - result in a prioritised treatment plan that documents the chosen options and how they will be implemented
  - ensure adequate communication
  - properly store the results to enable accessing this information in the future?
- Does the organisation have a separate fraud risk register?  
If yes:
  - Is the Fraud Risk Register reviewed regularly by Internal Audit?
- Is there a person nominated (or designated committee or taskforce) to be responsible for overseeing the assessment of fraud and corruption risks and any relevant control program?
- Is there a representative and knowledgeable advisory committee to oversee risk management and provide advice and support to any nominated officer, group, committee or taskforce?
- Has a comprehensive risk assessment been carried out or has the previous assessment been comprehensively reviewed less than two years ago?

- If there are indications that reviews of risk exposure in particular areas should be carried out more frequently than every two years, has this been done?
- If there have been any major changes to the organisation's structure, functions or operating environment in the last two years has a risk review been completed since?
- Are there mechanisms to generate a risk review in the event of legislation changes?
- Is there a system for recording and monitoring fraud and corruption incidents?
- Is there a process to trigger a review in response to a fraud event?
- Are the fraud or corruption incident records maintained in a fraud or corruption register?
- Are fraud or corruption incidents analysed (for the purpose of identifying trends and emerging threats) at the time that other organisation risk assessments are carried out?

## Key Element 3 – Internal Controls

### Checklist: Internal controls

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

#### Legislative requirements

- Have appropriate internal control measures been implemented to deal with all the identified fraud and corruption risks? (FA Act section 61, FPMS section 8)
- Is there appropriate separation of duties between officers of the organisation? (FPMS section 8(6))
- Is the internal control structure included in the organisation's FMPM? (FPMS section 8(5) )
- Does the organisation review its internal controls system regularly enough to cater for changing circumstances? (FPMS section 15(3))
- Are the delegations, authorities and supervisory roles of management clearly defined? (FPMS (8)(2)(b)(i))
- Is there an internal audit function? (FPMS section 29.)
- Does the internal control structure include appropriately qualified officers? (FPMS section 8(2)(b)(ii))

#### Recommended Best Practice

- Are there systems or procedures to regularly monitor and evaluate the controls?
- If there have been any major changes to the organisation structure, functions or operating environment, have internal controls been reviewed for ongoing adequacy?
- Are the responsibilities for fraud and corruption control clearly documented in organisation policies, procedures and job descriptions?
- Does the organisation actively involve senior executives and line managers in reviewing operational practices and controls to prevent and detect fraud and corruption?
- Have all stakeholders been made aware of the risks and organisation control mechanisms?
- Do the organisation's contracts with suppliers require the supplier and their staff to comply with the organisation's key integrity policies?
- Are line managers and employees made aware of the content of policies and procedures and controls relevant to their roles and to fraud control?
- Are the managers aware of their obligation to ensure their staff know and implement the internal controls relevant to their role?
- Do the employees in these positions consciously accept their control responsibilities?
- Does each work unit or business process comply with all policy obligations for delegations and organisational review?
- Does the organisation conduct checks on prospective employees' references, stated qualifications, criminal histories and discipline records?
- Are organisation delegations routinely reviewed and employees advised of relevant changes?
- Does the organisation regularly check for duplication, overlap, conflict or lack of coverage that is likely to reduce the effectiveness of the organisation's fraud and corruption controls?
- Does the organisation implement routine data analytics in areas identified as inherently susceptible to fraud?

- Are managers and employees consulted about specific investigations which may involve any control lapses in their areas of operation?
- Do any supervisors affected by changes in controls review the interim or final investigation reports as part of their obligations to understand and apply the anticipated changes?

## Key Element 4 – Reporting Processes

### Checklist: Reporting processes

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

**Legislative requirements** for departments or public service offices as defined by the *Public Service Act 2008*

- Has the department implemented and is it maintaining an employee complaints management system as required by the *PSC Directive 02/17: Managing Employee Complaints*?

#### Recommended Best Practice

- Does the organisation have a reporting system with a variety of robust mechanisms for reporting suspected fraud and corruption, including anonymously and to an external contact?
- Does the Code of conduct require employees to report suspected wrongdoing, including fraud and corruption?
- Does the organisation have an appropriate policy that informs and encourages stakeholders to report wrongdoing?
- Does the organisation have well-developed procedures for dealing with each step in managing a report?
- Does the organisation have a process whereby outsiders can report corrupt conduct to the organisation?
- Does the organisation encourage the reporting of fraud and corruption issues such as:
  - potential or actual risks
  - areas for improvements
  - suspect behaviour?
- Has the organisation made employees aware of its fraud and corruption policy and procedures?
- Has the organisation nominated particular officers or positions to receive reports?
- Are receiving officers or positions appropriate for the reporting role, given the organisation's structure and the nature of its business, client base and employees?
- Are receiving officers trained to recognise and handle reports?
- Do employees know what to expect once they have submitted a report?
- Does the organisation carefully review and monitor all complaints and reports?
- Are individuals (if known) informed about the outcome of their report, including, if applicable, why an investigation might not have proceeded?
- Does the reporting system ensure that appropriately serious allegations are reported to the CEO?
- Do organisation records indicate that reports of fraud and corruption have been considered at an appropriately senior level?
- Is strict confidentiality maintained in the receipt and processing of reports?
- Does the organisation have an effective information management system that captures all reports and enables evaluation of the anti-fraud and corruption program's effectiveness?
- Does the organisation have a hotline service to provide information to people with concerns, and is the hotline advertised?

## Key Element 5 – Protections and Support for Disclosers

### Checklist: Protections and support for disclosers

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and particular risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

#### Legislative requirements

- Does the organisation have written PID procedures? (PID Act section 28)
- Do the PID procedures cover:
  - support and protection available for the discloser of a PID?
  - how to assess a disclosure?
  - the investigative process?
  - employee and management responsibilities? (PID Act section 28 (1))
- Are the PID procedures published on the organisation's public website? (PID Act section 28 (2))
- Are there systems in place to support, protect and communicate with disclosers? (PID Act section 28)
- Is there an appropriate internal review mechanism for any discloser who may feel they have been disadvantaged or subjected to reprisals? (PID Act section 28 (1) (e))
- Are disclosers (if known) informed about the outcome of the disclosure and inquiry process, including why an investigation might not have proceeded (if applicable)? (PID Act section 30 (3))
- Does the organisation have a process for recording PIDs and their outcomes? (PID Act section 129)
- Does the organisation have a nominated officer or work unit responsible for PID management? (PID Standard No. 1)
- Does the organisation provide education and training about PIDs? (PID Standard No. 1)
- Does the organisation report on the outcomes of PID Activities in accordance with the requirements set by the Queensland Ombudsman? (PID Act section 33)
- See also the Queensland Ombudsman's Self-assessment checklist  
<[www.ombudsman.qld.gov.au/improve-public-administration/public-interest-disclosures/how-to-manage-a-public-interest-disclosure/does-your-pid-policy-measure-up/does-your-pid-policy-measure-up](http://www.ombudsman.qld.gov.au/improve-public-administration/public-interest-disclosures/how-to-manage-a-public-interest-disclosure/does-your-pid-policy-measure-up/does-your-pid-policy-measure-up)>

#### Recommended Best Practice

- Does the organisation have a stand-alone PID policy?
- If there is a stand-alone PID policy, is it consistent with the organisation's code of conduct and any overall fraud and corruption control policy?
- Does the policy state the timeframe for responding to a PID?
- Are the principles of the PID Act incorporated in the organisation's policies and procedures relating to external stakeholders, such as clients, suppliers and contractors?
- Has the organisation documented the mechanisms to protect and support disclosers?
- Is there a formal PID reporting system, such as nominated officers to receive and manage PIDs? If so:
  - are these officers adequately trained in all aspects of the PID program?
  - is this reporting system well-known and easily accessible to all employees?

- are managers given additional training in handling PIDs?
- are there sufficient designated and trained officers available to manage PIDs?
- Do the organisation's officers:
  - clearly understand their obligations to report suspected fraud, corruption and maladministration?
  - have a clear understanding of what constitutes a PID?
  - know how to make a PID?
  - know what to do if they receive a PID in their role as a supervisor or manager?
- Is the effectiveness of the support and protection mechanisms regularly monitored and reviewed?
- Have guidelines about acceptable behaviour for disclosers been formally established, documented and distributed?
- Have the support and protection mechanisms been effective (e.g. is there any evidence that disclosers have suffered reprisals in any manner)?
- Are the PID records periodically reviewed?
- Are there procedures to ensure follow-up of identified risks or deficiencies?
- Is the organisation's PID report linked to the organisation's risk management program?
- Are there programs to actively encourage an ethical work climate and an atmosphere of transparency and responsible reporting that fosters PIDs?



## Key Element 6 – External Reporting

### Checklist: External reporting

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

#### Legislative requirements

- Has the organisation developed a clear policy covering both mandatory and optional reporting of fraud and corruption matters to external organisations, including the:
  - CCC? (CC Act sections 38, 48A)
  - Ombudsman? (PID Act sections 33, 58)
  - QAO? (FPMS section 21 (3))
  - Integrity Commissioner?
  - Information Commissioner?
  - QPS? (FPMS section 21 (3) (c) )
- Do established procedures ensure that reports of suspected corrupt conduct are brought to the attention of the CEO for transmission to external bodies? (CM Act section 38)
- Do established procedures ensure that reports of suspected corrupt conduct against the CEO are brought to the attention of the CEO or nominated officer for transmission to external bodies? (CM Act section 48A)
- Does the reporting system ensure that allegations, in addition to being reported to the CEO, are also reported to appropriate external bodies such as:
  - the CCC (possible corrupt conduct)? (CC Act sections 38, 48A)
  - the QPS (possible criminal conduct)? (FPMS section 21 (3) (c))
  - the Queensland Ombudsman (PIDs and possible maladministration)? (PID Act section 33)
- Do the external reporting policies and practices effectively address all legislative requirements and best-practice guidelines of the CCC/QAO/Ombudsman/Integrity Commissioner for reporting of corrupt conduct and other integrity matters?

#### Recommended Best Practice

- Are there specific arrangements or operational protocols, outlining reporting criteria and individual responsibilities for reporting?
- Are reporting requirements and options covered by the organisation's education and awareness activities?
- Are there disciplinary provisions that apply if reporting requirements are not met?
- Is there a periodic review process that systematically examines the organisation's external reporting requirements to ensure that when a change to the requirements occurs the new reporting obligations are met?

## Key Element 7 – Investigations Management Process

### Checklist: Investigations management processes

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

#### Recommended Best Practice

- Does the organisation have policies and procedures to address the investigation process?  
If so, do they cover:
    - powers to investigate as per the relevant Act?
    - authorisation by the CEO to investigate?
    - ability of the CEO to delegate powers?
    - authority to initiate investigations?
    - requirements of natural justice/procedural fairness?
    - scope or extent of the investigation?
    - confidentiality matters?
    - conducting interviews?
    - security of evidentiary materials?
    - attendance at disciplinary hearings?
    - progress or status reports and the investigation report?
    - overview by any organisational integrity unit and/or designated executive?
  - Do preliminary complaints-handling arrangements minimise the risk of prejudicial actions or potential hindrances to any further investigation?
  - Are trained internal officers, or suitably qualified external investigators, responsible for conducting investigations?
- Are investigators selected based on:
- their independence and freedom from any conflict?
  - their demonstrated knowledge and experience in the area relevant to the allegations?
- Are investigators appropriately and properly authorised under legislation and by policy to conduct the investigation?
  - Are there clear procedures as to when and how investigators are briefed and instructed to proceed in any given fraud, corruption or corrupt conduct situation?
  - Is particular attention given to natural justice, procedural rigour, security and relevant expertise in taking and securing evidence?
  - Are the organisation's investigative guidelines reviewed regularly (e.g. at least every three years)?
  - Are there adequate reporting systems to keep management and any other relevant parties (e.g. the CCC) informed of the ongoing status of investigations?
  - Does every investigation process include the development of a prevention action plan to minimise the risk of similar events in the future?
  - Are responsibilities clearly assigned and relevant systems developed to ensure that full and complete records are maintained of all potential fraud and corruption investigations?
  - Are records of all reports of fraud and corruption investigations held securely, with minimal opportunities for tampering or unauthorised access or removal?

- Are there clear guidelines about the ongoing storage of investigation material after the matter has been closed?
- Is there a secure location, which ensures no unauthorised access, that is used to store investigation material until it can be legally and appropriately disposed of?
- Are there appropriate education and awareness programs for employees and management about the nature and impact of investigations?

## Key Element 8 – Code of Conduct

### Checklist: Code of conduct

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and particular risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

#### Legislative requirements

- For public sector entities not bound by the *Code of Conduct for the Queensland Public Service*:
  - Does the organisation have a formal code of conduct? (PSE Act section 15)
  - Is that code consistent with the principles of the PSE Act and other relevant legislation? (PSE Act section 10(2))
  - Was that code developed following a comprehensive process of consultation with professional bodies and/or industrial organisations? (PSE Act section 16(2))
  - Was that code approved by the appropriate authority? (PSE Act section 17)
  - Does the entity's annual report include a statement about the preparation of that code of conduct? (PSE Act section 23)
- Are all employees and external parties (for example, customers, contractors) able to access the organisation's code of conduct? (PSE Act sections 12I, 12J, 19 and 20)
- Does the organisation's annual report include details of actions taken to ensure that employees were given access to training about public sector ethics and the organisation's code of conduct, and actions taken to ensure that the administrative procedures and management practices have proper regard to the ethics principles and values, and the code of conduct applying to the entity? (PSE Act section 12M(2) and section 23)
- Are there wide-ranging training and awareness strategies covering the code of conduct? (PSE Act section 12K and section 21)

#### Recommended Best Practice

- Do the code of conduct and related policies clearly outline that the organisation expects the highest ethical standards and is committed to preventing fraud and corruption?
- Does the code of conduct provide clarity around appropriate behaviour in situations that may provide opportunities for fraud and corruption to occur?
- Does the code refer to other relevant policies and resources to assist with preventing fraud and corruption?
- Do contracts with external parties (e.g. contractors) clearly state that their employees are required to uphold the organisation's code of conduct?
- Do the disciplinary policies and standards within the code complement the organisation's fraud and corruption control program and associated policies and procedures?
- Have all organisational roles and responsibilities associated with the code of conduct been clearly defined?
- Are these responsibilities properly understood and accepted by those involved?
- Is the code, and any supporting resources, reviewed periodically?

## Key Element 9 – Organisational Culture Change Program

### Checklist: Organisational culture change program

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

#### Legislative requirements

- Is ethical decision-making training provided at induction and at regular intervals? (PSE Act sections 12K, 21)
- Is information on provision of ethics training included in the annual report? (PSE Act sections 12M(2) and 23)

#### Recommended Best Practice

- Does the organisation's induction program:
  - address fraud and corruption issues?
  - include a statement from the CEO stating the organisation's attitude to fraud and corruption?
  - cover relevant legislation?
  - include details about key integrity policies and procedures such as:
    - o dealing with conflicts of interest
    - o gifts and benefits
    - o undertaking secondary or external employment
    - o purchasing and tendering
    - o contract management
    - o sponsorship management
    - o reporting corrupt conduct
    - o using official resources
    - o disposing of scrap and low-value assets
    - o using corporate credit cards
    - o using Internet and email
    - o electronic and information fraud
    - o managing public records
    - o handling confidential information
- Does the organisation have a structured education and training program to assist employees recognise, detect and prevent fraud and corruption?
- Is there an ongoing education and training program to address:
  - specific needs as they arise?
  - specific organisational functions (e.g. audit, investigations, PIDs)?
- Does the program take advantage of a variety of communication channels?
- Is the program evaluated regularly to determine its effectiveness?
  - If not, will it be evaluated in the future?
  - If so, have the results of the evaluations been acted upon?
- Are ethical considerations included in staff performance reviews?

## Key Element 10 – Client and Community Awareness Program

### Checklist: Client and community awareness program

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

#### Legislative requirements

Has the organisation arranged for the general public to have easy access (RTI Act section 3) (for example, via the organisation's public website) to the following key documents:

- fraud and corruption control policy/plan?
- code of conduct?
- purchasing policies and procedures?
- gifts and benefits policy?
- register of all gifts or benefits with a retail value of more than \$150 received or given by officers of any public service department or agency (PSC Directive No. 22/09)
- financial statements?
- annual reports?
- complaints policies?
- PID procedures? (PID Act section 28 (2))

#### Recommended Best Practice

- Has the organisation implemented an external awareness program covering the control and prevention of internal and externally initiated fraud and corruption?
- Does the program cater for all identified target groups?
- Is this awareness program comprehensive and pervasive?
- Does the organisation use a variety of appropriate presentation and delivery mechanisms for the program?

Has the organisation enhanced its public information and community relations role by publishing information about:

- actions taken in response to identified fraud and corruption situations?
- economies and/or improvements to performance or levels of service as a result of improved fraud and corruption control practices?
- Has the organisation enhanced its fraud and corruption management by engaging (either as an organisation or through the commitment of individuals) in more general public information activities and promotional ventures oriented towards minimising fraud and corruption risk?
- Does the annual report include a clear statement of the organisation's stance on fraud and corruption as well as its fraud and corruption control program and any initiatives taken during the year in question?
- Do appropriate public spaces of the organisation, including websites, carry notices about organisational values, probity or performance pledges consistent with a transparent and accountable organisation?

- Does the organisation highlight ethical considerations in job advertisements, position statements and procurement documentation?
- Has the organisation developed a supplier and contractor document covering best practice in business dealings with the organisation?
- Is a copy of the organisation's code of conduct provided as part of tendering documentation?
- Does the organisation's tender and contract documentation carry appropriate warnings against fraud or corruption such as the suspension or recall of contracts for improper business practices?
- Does the organisation explicitly state in its communications that it welcomes complaints or constructive feedback?

Does the organisation monitor its awareness program through surveys and other means to determine whether awareness and attitude change activities have been effective in:

- enhancing the organisation's image generally, and with stakeholder groups in particular?
- enhancing the self-esteem and job satisfaction of employees?
- deterring and/or detecting externally initiated fraud and corrupt approaches from suppliers, contractors or other external groups?