



Fraud and Corruption Prevention Management Policy

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1. POLICY STATEMENT

South Burnett Regional Council (Council) is committed to acting in the best interest of the community and upholding the principles of honesty, integrity and transparency. Council operates as an organisation in which ethical conduct is expected, encouraged and supported with no tolerance for corrupt conduct, fraudulent activities or maladministration. Risk management principles and matching fraud and corruption prevention measures are applied across all areas of Council operations to protect the assets and resources of Council.

2. SCOPE

This Policy applies to any instances or suspected instances of fraud and corruption involving Council employees, Councillors, contractors, consultants, volunteers, vendors or any other party with a business relationship with the Council.

3. POLICY OBJECTIVES

This Policy clearly states Council's commitment to progress and maintain a structured integrated fraud and corruption prevention management framework supporting the development, implementation and regular review of:

- Fraud and corruption prevention and detection strategies, and
- Response and reporting strategies.

The Policy objectives are to:

- Protect Council's assets, resources, credibility and reputation;
- Ensure sound governance principles and encourage an ethical culture at Council;
- Ensure Council employees and Councillors are aware of their obligations and responsibilities regarding ethical conduct and the reporting of instances or suspected instances of fraudulent or corrupt activity;
- Ensure all investigations of alleged fraud and corruption adhere to the principles of procedural fairness and natural justice; and
- Ensure the review and continuous improvement of the Fraud and Corruption Prevention Management framework.

4. BACKGROUND AND/OR PRINCIPLES

Council has established an environment in which fraud and corruption is not tolerated and demonstrates a commitment to the rigorous management of fraud and corruption risk through appropriate procedures for reporting and investigation.

The principles of this Policy are to:

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

5. GENERAL INFORMATION

Councillors and the Council Senior Executive Team are responsible for ensuring there are appropriate practices, measures and systems in place to realise fraud and corruption prevention and management.

Management communicate, implement, monitor and review Council's Fraud and Corruption Prevention Management framework.

All Council employees and Councillors must act with integrity in accordance with Council's Employee Code of Conduct and the Councillor Code of Conduct respectively, and all have a responsibility and obligation to report suspected or known incidents of fraud or corruption.

Council will take action against anyone who takes reprisal action against a Council employee or Councillor who reports suspected or known incidents, consistent with the provisions of the Public Interest Disclosure Act 2010 and Section 4(e) of Council's Public Interest Disclosure Policy.

Allegations of fraud against an employee or Councillor can potentially be made by a party with the intention of causing harm, damage or disruption. Vexatious, misleading or false reporting wastes Council time and resources in investigating the matter. This can also cause the person who is subject to the allegation a significant amount of emotional trauma and stress. Vexatious, misleading or false reporting of any allegation of fraud has serious consequences to the person bringing about such an allegation.

6. DEFINITIONS

The following definitions (drawn in part from AS 8001-2008 Fraud and Corruption Control; the Crime and Corruption Act 2001; the Public Interest Disclosure Act 2010) are provided to assist in the use of a common terminology.

Agency – A corporation, government agency, not-for-profit organisation or other body engaged in business activity or transacting with other agencies in a business-like setting.

Corrupt conduct – *Section 15 of the Crime and Corruption Act 2001* defines corrupt conduct as conduct of a person, regardless of whether the person holds or held an appointment, that—

- a) adversely affects, or could adversely affect, directly or indirectly, the performance of functions or the exercise of powers of—
 - a unit of public administration (UPA); or
 - an individual person holding an appointment in a UPA.
- b) results, or could result, directly or indirectly, in the performance of functions or the exercise of powers mentioned above in a way that—

- is not honest or is not impartial;
 - involves a breach of the trust placed in a person holding an appointment, either knowingly or recklessly;
 - 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.
- c) is engaged in for the purpose of providing a benefit to the person or another person or causing a detriment to another person
- d) would, if proved, be—
- a criminal offence; or
 - a disciplinary breach providing reasonable grounds for terminating the person's services, if the person is or were a holder of an appointment.

Conduct includes:

- neglect, failure and inaction;
- conspiracy to engage in conduct;
- attempt to engage in conduct.

Examples of corrupt conduct

The *Crime and Corruption Act 2001* provides examples of conduct that could be corrupt conduct, including:

- abuse of public office;
- bribery, including bribery relating to an election;
- extortion;
- obtaining or offering a secret commission;
- fraud, stealing or forgery;
- perverting the course of justice;
- an offence relating to an electoral donation;
- loss of revenue of the state;
- sedition;
- homicide, serious assault or assault occasioning bodily harm or grievous bodily harm
- obtaining a financial benefit from procuring prostitution or from unlawful prostitution engaged in by another person;
- illegal drug trafficking;
- illegal gambling.

e) Corruption – is defined in a practical way through AS8001-2008 as dishonest activity in which a employee, contractor or agent acts contrary to the interests of Council and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

f) Fraud – is defined in AS8001-2008 as dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to Council and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position. Fraud can also be seen as a major subset of corruption and is a deliberate, intentional and premeditated dishonest act or omission acted out with the purpose of deceiving to gain advantage from a position of trust and authority. It includes acts such as theft, making false statements/representation, evasion, manipulation of information, criminal deception and misuse of Council resources, property or time.

- g) Maladministration – is defined in the Public Interest Disclosure Act 2010 as an administrative action that:
- a) was taken contrary to law or;
 - b) was unreasonable, unjust, oppressive, or improperly discriminatory or;
 - c) was in accordance with a rule of law or a provision of an Act or a practice that is or may be unreasonable, unjust, oppressive or improperly discriminatory in the particular circumstances; or
 - d) was taken –
 - (i) for an improper purpose; or
 - (ii) on irrelevant grounds; or
 - (iii) having regard to irrelevant considerations; or
 - e) was an action for which reasons should have been given, but were not given; or
 - f) was based wholly or partly on a mistake of law or fact; or
 - g) was wrong.

Risk Management – The term applied to a logical and systematic method of identifying, analysing, assessing, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable organisations to minimise potential losses and maximise positive outcomes.

The following actions are examples of fraud in the context of Council:

- a) evasion of payments owing to Council;
- b) false invoicing;
- c) obtaining by deceit, benefits to which the recipient is not entitled such as improper reimbursement of expenses or travel allowances;
- d) charging for goods or services not delivered or only part delivered;
- e) false timesheet claims or misrepresenting time and work commitments;
- f) theft of Council property or resources;
- g) theft, misuse or wrongful use of information for financial or other gain;
- h) abuse of position or discretion such as accepting bribes to facilitate an outcome;
- i) false accounting;
- j) credit card fraud;
- k) abuse of Council facilities for personal use;
- l) making false statements or altering signatures or other information and materials such as to mislead or misrepresent a position or hide wrongdoing.

7. LEGISLATIVE REFERENCE

- *Crime & Corruption Act 2001*
- *Integrity Act 2009*
- *Local Government Act 2009*
- *Local Government Regulation 2012*
- *Public Interest Disclosure Act 2010*
- *Public Sector Ethics Act 1994*

8. RELATED POLICIES/PROCEDURES

8.1. Internal Documents

- Asset Management Policy
- Councillor Code of Conduct
- Community Assistance Policy
- Debt Policy
- Employee Code of Conduct
- Fraud and Corruption Prevention Management Plan
- General Complaints Process Policy
- Investment Policy
- Public Interest Disclosure Policy
- Procurement Policy 2016

8.2. External Documents

- The Australian Standard for Fraud is *AS8001 – 2008 Fraud and Corruption Control*
- Local Government Fraud Prevention and Management Guidelines

9. NEXT REVIEW

June 2018



Gary Wall
CHIEF EXECUTIVE OFFICER

18 May 2016