

Anti-Fraud and Corruption Policy

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Strategic Pillar	Capability
Responsible Branch	Workplace and Governance

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1. OUTCOMES

- 1.1 Fraud and corruption are a serious threat due to the damage they can cause to an organisation. This includes:
- wasting public money and resources
 - undermining public trust
 - reputational damage
 - operational inefficiency
 - organisational disruption
 - damage to organisational moral
 - loss of information
 - penalties imposed by courts and regulators.
- 1.2 The primary focus of this policy is to ensure that the public and staff understand:
- a) That fraudulent and corrupt acts against Council are not tolerated.
 - b) Where appropriate or required by law, Council will refer matters to NSW Police, or the Independent Commission Against Corruption.
 - c) The standard of ethical behaviour valued and expected by Council from its councillors, Council staff, delegates, volunteers, contractors, consultants, committee members and customers.
 - d) The roles and responsibilities of councillors, employees and contracted providers for addressing fraud and corruption.

2. POLICY

- 2.1 Council is committed to minimising fraud and corruption in the workplace. To achieve this, Council will adopt and resource a fraud and corruption control framework that aligns to better practice.
- 2.2 Council has zero tolerance to fraud and corruption, arising either internally or externally, which is relevant to its operation and has an impact on the organisation.
- 2.3 Although Council has a zero tolerance to fraud and corruption, it acknowledges that it is not always possible to eliminate the exposure to fraud and corruption risks, particularly where the implementation of controls is cost prohibitive. Consequently, Council focuses its resources on a risk-based methodology to address areas of greater fraud and corruption risk and emphasise the use of preventative and detective measures in controlling fraud and corruption risk.

3. SCOPE OF THE POLICY

- 3.1 This policy applies to all councillors, Council staff and volunteers. It also applies to any third party that Council is undertaking business with such as consultants, contractors, and outsourced service providers of Council (collectively referred to as third-party service providers).

- 3.2 This policy forms part of Council's system for fraud and corruption control and should be read in conjunction with other Council policies relating to ethical behaviour. These policies include: Code of Conduct and Statement of Business Ethics.
- 3.3 Council will initiate disciplinary and/or legal action against those who commit fraud or corruption.

4. DEFINITIONS

Council has adopted the definitions as contained in the Australian Standard 8001:2021 Fraud and Corruption Control (referred to in this document as the 'Standard').

Fraud – Dishonest activity, by persons internal and/or external to an organisation, causing an actual or potential gain or loss to any person or organisation.

Fraudulent acts include, but are not limited to:

- Theft of money or property (including intangible property such as intellectual property)
- Acts of omission (a breach in duty of care caused by failure to act)
- deliberate falsification, concealment, destruction or use of falsified documentation used or intended to be used for normal business purposes
- Improper use of information or position for personal financial benefit.

Corruption – Corruption and corrupt conduct (which includes fraud) and is also defined in section 8 of the *Independent Commission Against Corruption Act 1988* as follows:

“(1) Corrupt conduct is -

- (a) any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority, or
- (b) any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions, or
- (c) any conduct of a public official or former public official that constitutes or involves a breach of public trust, or
- (d) any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.

(2) Corrupt conduct is also any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the exercise of official functions by any public official,

any group or body of public officials or any public authority and which could involve any of the following matters –

- (a) official misconduct (including breach of trust, fraud in office, nonfeasance, misfeasance, malfeasance, oppression, extortion or imposition),
- (b) bribery,
- (c) blackmail,
- (d) obtaining or offering secret commissions,
- (e) fraud,
- (f) theft,
- (g) perverting the course of justice,
- (h) embezzlement,
- (i) election bribery,
- (j) election funding offences,
- (k) election fraud,
- (l) treating,
- (m) tax evasion,
- (n) revenue evasion,
- (o) currency violations,
- (p) illegal drug dealings,
- (q) illegal gambling,
- (r) obtaining financial benefit by vice engaged in by others,
- (s) bankruptcy and company violations,
- (t) harbouring criminals,
- (u) forgery,
- (v) treason or other offences against the Sovereign,
- (w) homicide or violence,
- (x) matters of the same or a similar nature to any listed above,
- (y) any conspiracy or attempt in relation to any of the above.

(2A) Corrupt conduct is also any conduct of any person (whether or not a public official) that impairs, or that could impair, public confidence in public administration and which could involve any of the following matters –

- (a) collusive tendering,
- (b) fraud in relation to applications for licences, permits or other authorities under legislation designed to protect health and safety or the environment or designed to facilitate the management and commercial exploitation of resources,
- (c) dishonestly obtaining or assisting in obtaining, or dishonestly benefiting from, the payment or application of public funds for private advantage or the disposition of public assets for private advantage,
- (d) defrauding the public revenue,
- (e) fraudulently obtaining or retaining employment or appointment as a public official.

Definitions in the *Independent Commission Against Corruption Act 1988* are:

Public official - means an individual having public official functions or acting in a public official capacity, and includes any of the following:

- a. an individual who constitutes or is a member of a public authority,
- b. a person in the service of the Crown or of a public authority,

Public authority - includes a local government authority.

5. LEGISLATIVE OBLIGATIONS AND/OR RELEVANT STANDARDS

5.1 Relevant legislation:

- *Local Government Act 1993* (NSW)
 - Chapter 14 Honesty and disclosure of interests - Part 1 Conduct
- *Independent Commission Against Corruption Act 1988* (NSW)
 - Part 3 Corrupt conduct
- *Crimes Act 1900* (NSW)
 - Part 4AA Fraud
 - Part 4A Corruptly receiving commissions and other corrupt practices
 - Part 4B Blackmail
 - Part 5 Forgery
 - Part 6 Computer offences

5.2 Relevant Standards:

- AS 8001:2021 Fraud and corruption control
- AS ISO 31000:2018 Risk Management - guidelines

5.3 Relevant QPRC policies:

- Code of Conduct
- Code of Conduct Procedures for Administration
- Public Interest Disclosures Act – Internal Reporting Policy
- Statement of Business Ethics
- Legislative Compliance Policy
- Risk Management Policy

6. CONTENT

6.1 Approach

6.1.1 Council will adopt an enterprise-wide fraud and corruption control system that is based on the following three elements as identified in the Australian Standards:

- Prevention
- Detection
- Response

- 6.1.2 Council will also employ a combined assurance approach in addressing control gaps which allow for the manifestation of fraud.
- 6.1.3 QPRC's approach will also consider the Audit Office of NSW's 10 key attributes of a fraud control framework which sits within the above three themes.
- 6.1.4 Appropriate controls to support the prevention, detection and analysis of fraudulent transactions or acts are to be specified and implemented in all Council systems and practices whether developed internally, procured from external suppliers, or procured externally and configured by Council staff.
- 6.1.5 Council will leverage its organisational fraud and corruption control resources by recognising its range of internal resources available in such areas as quality assurance, insurance, procurement, accounts payable, finance, compliance, payroll, human resources, physical security, asset management, digital and internal audit.

6.2 Privacy

- 6.2.1 Council will ensure the identity of any person, or persons, providing information, and the nature of that information in relation to any fraud or alleged fraud is kept confidential.
- 6.2.2 Council will ensure that the privacy of employees, including contractors, will be protected at all times.
- 6.2.3 All persons reporting or providing information in relation to fraudulent or potentially fraudulent acts will be made aware of the *Public Interest Disclosures Act 1994*, the protections it provides, and mechanisms for providing information in accordance with that Act.

6.3 Ethical Behaviour framework

- 6.3.1 Councillors, administrators, members of staff of Council, independent conduct reviewers, members of Council committees and delegates of Council must comply with Council's Code of Conduct in carrying out their functions as Council officials. It is the personal responsibility of Council officials to comply with the standards in the Code and regularly review their personal circumstances with this in mind.
- 6.3.2 Council's Code of Meeting Practice details requirements for the conduct of meetings of Council and Council committees.
- 6.3.3 Any gifts or benefits, whether accepted or not, (as per the Code of Conduct) must be declared. This applies to councillors and staff in respect of the receipt of gifts and or benefits they may receive while in the course of performing their duties.

- 6.3.4 Any conflicts of interest (as per the Code of Conduct) must be declared. This applies to councillors and staff in respect of any pecuniary and non-pecuniary interests.
- 6.3.5 Council's Statement of Business Ethics details its commitment to serving the community with integrity, efficiency, fairness and impartiality. It articulates the expectations members of the community should have when interacting with Council and the behavior Council expects of its third-party service providers.

6.4 Key roles and responsibilities

6.4.1 Chief Executive Officer (CEO)

The CEO is responsible for ensuring that:

- a) Council has in place a fraud and corruption control framework.
- b) They model the highest standards of ethical behaviour and ensure compliance with all relevant legislative obligations.
- c) Fraudulent or corrupt activity is reported to the relevant authorities.

6.4.2 Portfolio General Managers (PGMs) and Service Managers (SMs)

PGMs and SMs are responsible for ensuring that:

- a) The framework is implemented within their area of responsibility and authority.
- b) The risk of fraud and corruption is adequately managed.

6.4.3 Councillors and Staff

Are responsible for promptly reporting all instances of fraud and corruption, or suspected fraud and corruption that come to their attention as in accordance with Council's Public Interest Disclosures Act – Internal Reporting Policy.

All employees (councillors, staff, contractors and volunteers) must comply with all integrity-related policies including the Code of Conduct and Statement of Business Ethics.

Employees are expected to cooperate with all initiatives aimed at preventing, detecting and responding to fraud and corruption. This includes, managing the risk of fraud and corruption, training and education, audits and investigations and the design and implementation of controls.

6.4.4 Audit, Risk and Improvement Committee (ARIC)

Council's ARIC is responsible for providing independent advice to Council and the CEO in relation to fraud and corruption control.

6.4.5 Internal audit (IA)

IA is not directly responsible for preventing fraud. This role sits within the operational area. However, IA should have sufficient knowledge to identify and evaluate any indicators of concern that fraud may have been committed when undertaking an audit.

6.5 Workforce screening

6.5.1 Council will apply a risk management approach to workforce screening. Pre-employment checks will be performed when recruiting for roles that are considered high risk.

6.6 Third-party management

6.6.1 Council will take all reasonable steps to ensure the bona fides of any third party that it engages with.

6.6.2 If there is a heightened risk of fraud or corruption in continuing to deal with a third party, the ongoing relationship with that entity is to be reviewed to determine the best course of action to protect Council's interests and reputation.

6.7 Technology-enabled fraud

6.7.1 Council will ensure that it maintains an appropriate information security management system to prevent technology enabled fraud.

6.8 Record keeping and confidentiality of information

6.8.1 Council will ensure that it has an appropriate record keeping system that requires all employees to maintain accurate and complete records of business activity.

6.8.2 Council will ensure that it has the appropriate levels of information confidentiality commensurate with the risk of losing such information by:

- assigning appropriate access rights and permissions
- maintaining audit logs and records of activity for critical systems.

6.9 Physical security and asset management

6.9.1 Council will ensure that it maintains an appropriate system to protect its tangible and intangible assets from theft.

6.9.2 Council will employ a risk methodology in assessing its physical security environment.

6.10 Reporting

6.10.1 Council shall maintain, and make staff aware, of the mechanism to enable councillors and employees to report wrongdoing without fear or reprisal.

6.11 Breaches, Investigation and Disciplinary action

6.11.1 Alleged fraudulent activity by councillors or Council staff that are the subject of a Public Interest Disclosure will be dealt with in accordance with the Code of Conduct investigation procedures. Provisions of Council's 'Public Interest Disclosures Act – Internal Reporting Policy' also apply.

6.11.2 The process for investigation and determination will be separated.

6.12 Recovery of losses and insurance

6.11.1 Council will endeavour to pursue the recovery of all losses as a result of fraud and corruption, after considering the cost and benefits of such recovery action.

6.11.2 Council will maintain an appropriate level of insurance coverage which indemnifies it against the risk of loss arising from fraudulent conduct.

7. REVIEW

7.1 This policy will be reviewed every four years or earlier as necessary if:

- (a) legislation requires it,
- (b) there is a significant change to a Standard on which the policy is based, or
- (c) Council's functions, structure or activities change.