



Mackay Regional Council Fraud and Corruption Control Framework

Governance and Safety

Version 1.0

Overview

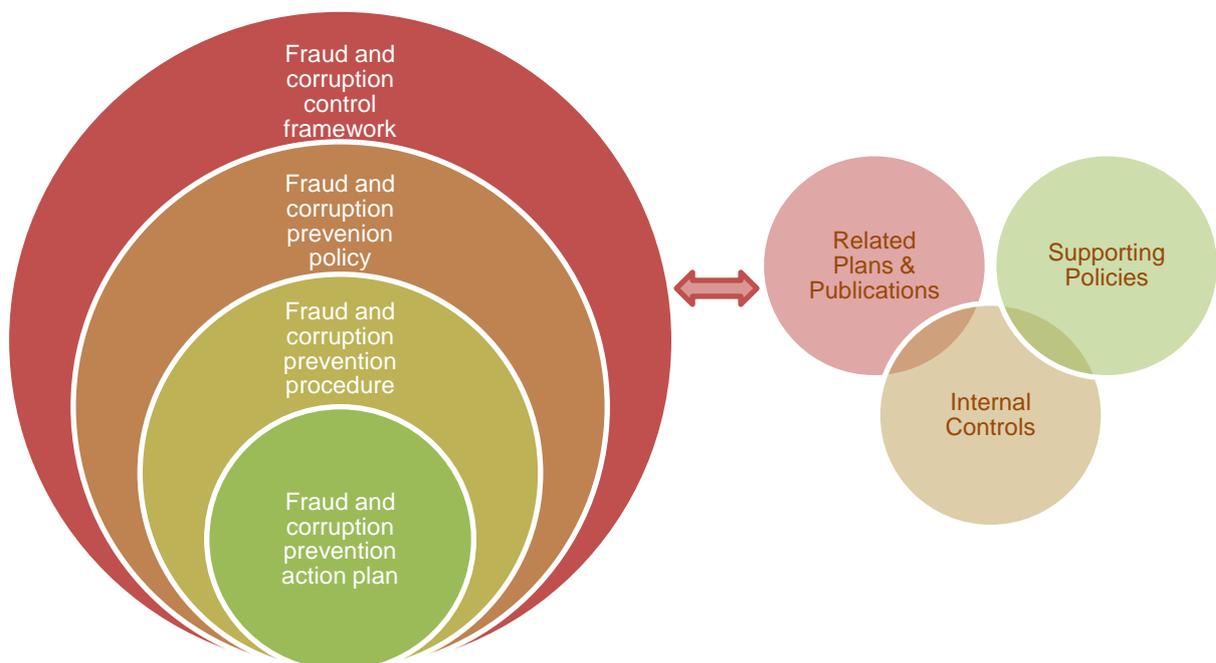
Mackay Regional Council (MRC) is committed to the detection and prevention of all forms of fraud and corruption. Fraud and corruption is an unacceptable loss to the organisation and to our community. MRC has established an environment where fraud and corruption is not tolerated, and rigorous management of this risk is undertaken through a range of mechanisms.

The MRC fraud and corruption control framework is based on the ten components of fraud control contained in the *Crime and Corruption Commission (CCC) Fraud and Corruption Control Best Practice Guide*. It is also consistent with the Australian Standards AS8001:2008 for Fraud and Corruption Control and AS/NZS ISO 31000:2009 for Risk Management.

These principles are considered to be best practice for government agencies and have been utilised to assist MRC in reducing the risk and incidence of fraud and corruption.

The MRC fraud and corruption control framework consists of coordinated and integrated processes, arrangements and tools that assist with fraud and corruption control as detailed in Figure 1 below.

Figure 1 – Relationship Between Fraud and Corruption Control Framework Components



Scope

This framework applies to all MRC employees. Councillors are governed by a range of other legislative provisions and controls imposed by the Queensland government and are therefore outside of the scope of this framework.

⊞ Components of MRC Fraud and Corruption Control Framework

It is essential for MRC to establish an effective fraud and corruption control framework to manage its resources appropriately and to prevent, detect and respond to fraud and corruption.

The CCC recommends a best-practice approach through the following 10 components:



⊞ Objective

This framework will assist MRC to establish an environment in which fraud and corruption is not tolerated and will demonstrate our commitment to the rigorous management of fraud and corruption risks.

The objective of the framework is to:

- reduce the risk of fraud and corruption
- minimise opportunities for fraud and corruption through effective internal controls, awareness and appropriate supervision
- encourage ethical behaviour at all levels of MRC
- ensure compliance with legal and statutory obligations; and
- prevent any financial or reputational damage to MRC.

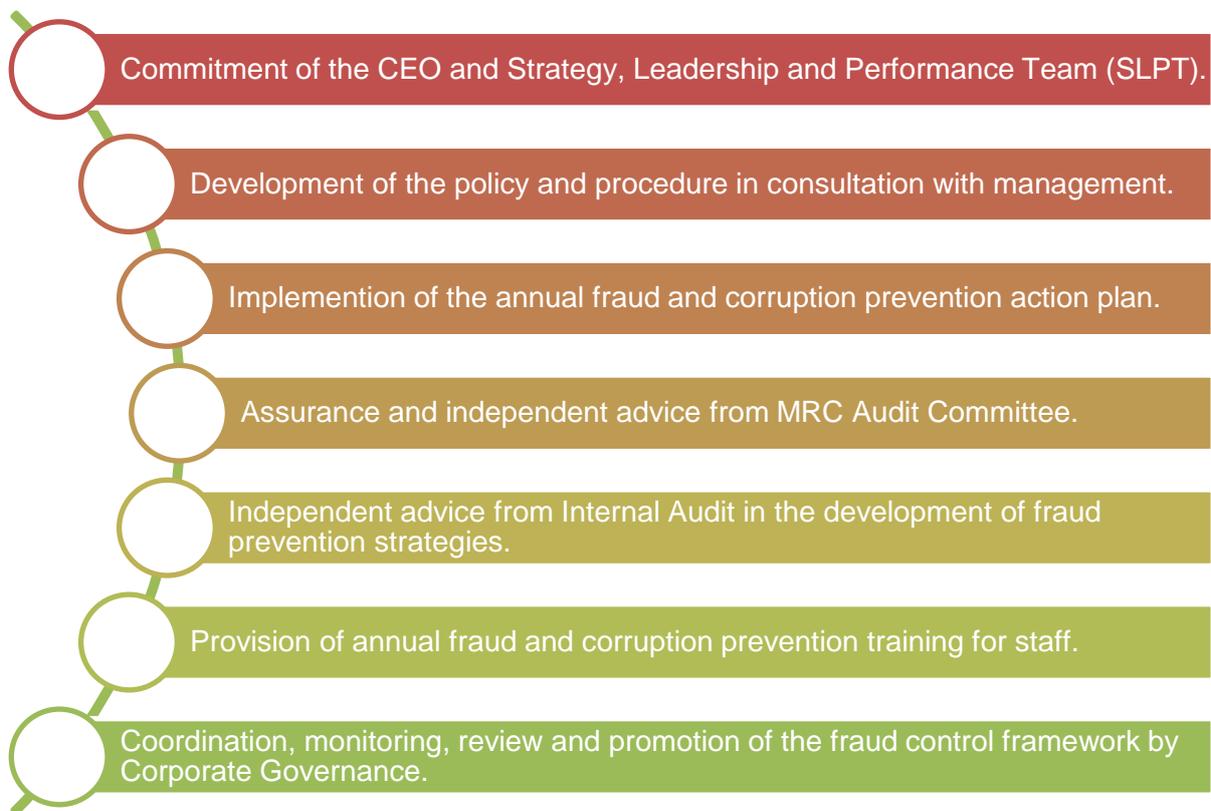
⊞ Coordination Mechanisms

The primary tools for the application and management of fraud control are:

- the fraud and corruption prevention policy; and
- the fraud and corruption prevention procedure

The policy tells us why fraud control is important, the responsibilities of all employees and what MRC aims to achieve. The procedure details the strategies and specific actions that are to be taken to achieve the objectives of the policy.

Whilst Corporate Governance provides the appropriate oversight to ensure that the policy, procedure and supporting documents communicate MRC's commitment to fraud prevention, MRC has a range of mechanisms in place to create a holistic framework that reinforces organisational integrity.



Supporting Policies

- Fraud and Corruption Prevention Policy
- Audit Committee Charter
- Administrative Action Complaints Policy
- Public Interest Disclosure Policy
- Conflict of Interest Policy
- Portable and Attractive Items Policy
- Internal Audit Charter
- Asset Sales and Disposal Policy

Related Plans and Publications

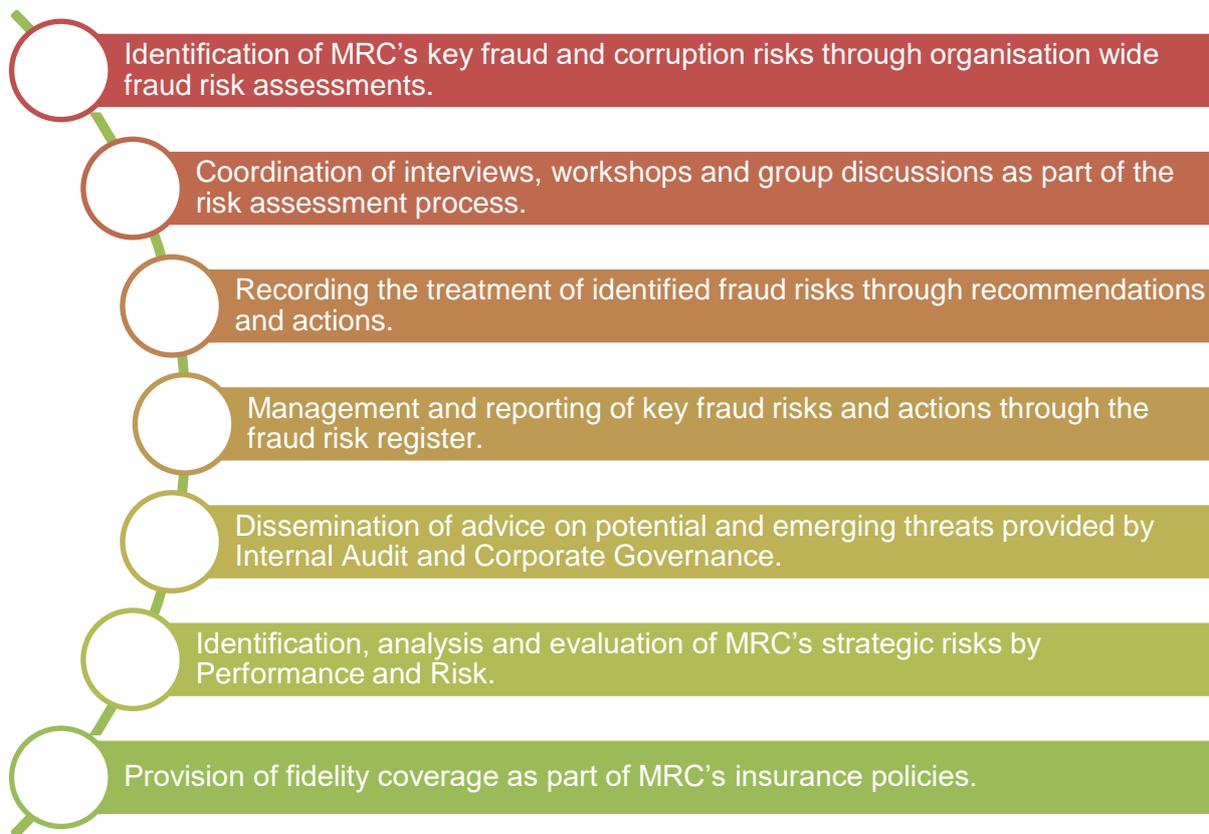
- Fraud and Corruption Prevention Procedure
- Fraud and Corruption Prevention Action Plan
- Code of Conduct
- Corporate Governance Handbook
- MRC Corporate Plan
- MRC Operational Plan
- Corporate Governance Business Plan

⊞ Risk Management System

MRC is committed to controlling fraud and corruption risks. Identification of the organisation's key fraud and corruption risks is one of the major tasks undertaken as part of the MRC fraud and corruption control framework.

An assessment of the operating environment is critical so that effective practices can be established to contain or minimise each risk identified.

Fraud and corruption risk assessments are undertaken by Corporate Governance each year to identify, analyse, and evaluate each risk. Improvements to internal control systems are then made to mitigate risks and recommended actions are monitored through the fraud risk register.



Supporting Policies

- Fraud and Corruption Prevention Policy
- Internal Audit Charter
- Enterprise Risk Management Policy
- Insurance Coverage Policy

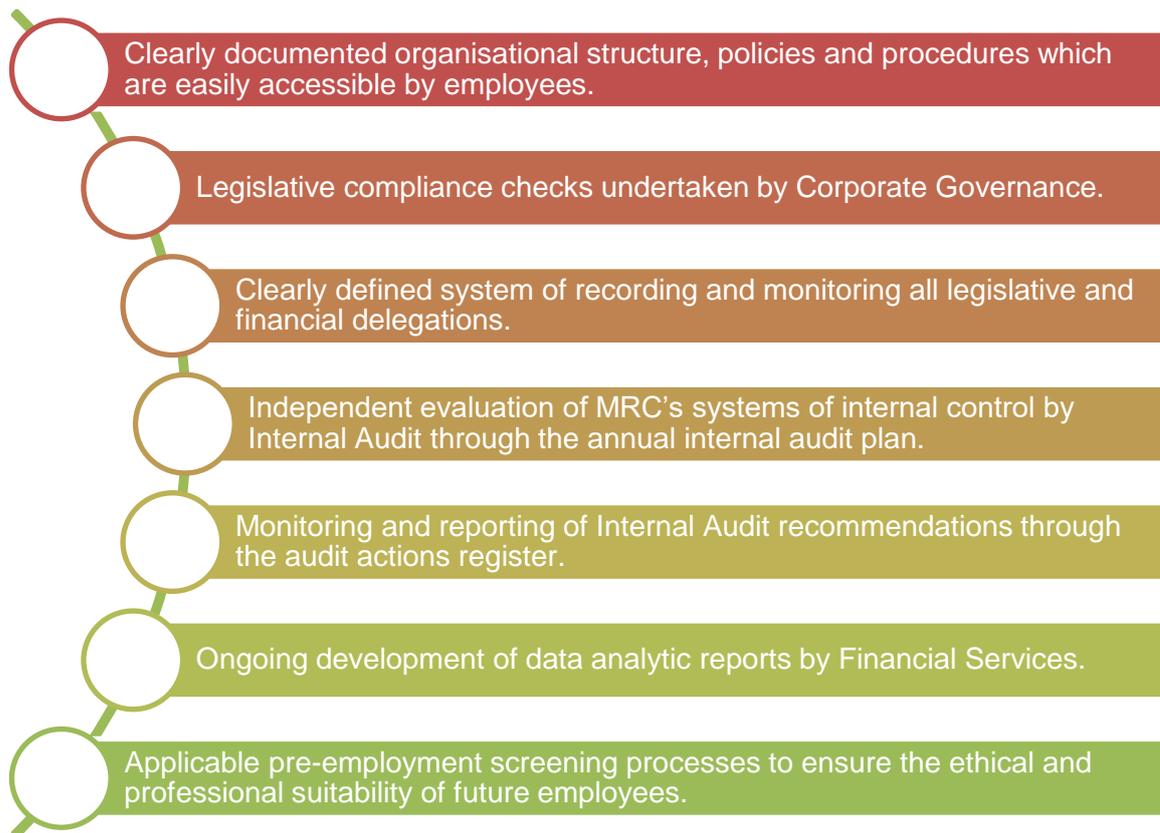
Related Plans and Publications

- Fraud and Corruption Prevention Procedure
- Fraud and Corruption Prevention Action Plan
- Enterprise Risk Management Framework
- MRC Strategic Risk Register
- Fraud and Corruption Prevention Procedure

Internal Controls

Internal controls are the first line of defence in the fight against fraud. Managers are primarily responsible for implementing the controls and monitoring their effectiveness. Effective internal control requires an integrated system of policies, procedures and processes to be put in place to safeguard assets and help MRC comply with relevant legislation.

MRC is committed to maintaining a strong internal control system that will continue to be developed through the cooperation of multiple work areas within the organisation including the Corporate Governance, Internal Audit and Financial Services programs.



Supporting Policies

- Internal Audit Charter
- Recruitment and Selection Policy
- MRC Disciplinary Procedure Policy
- Delegations Policy

Related Plans and Publications

- Corporate Document Register
- Delegation /Registers
- Code of Conduct
- Recruitment and Selection Internal Operating Guideline
- 2017-2020 Learning and Development Plan

Reporting Processes

The reporting of suspected wrong-doings within an organisation is fundamental to its ongoing integrity and health. An effective reporting system that encourages and enables people to report is a powerful tool in assisting with the early discovery of fraud and corruption.

By implementing trusted and reliable reporting systems, MRC hopes to deter employees from engaging in any improper conduct and identify those systems which make the organisation vulnerable to losses.



Supporting Policies

- Fraud and Corruption Prevention Policy
- Administrative Action Complaints Policy
- Public Interest Disclosure Policy

Related Plans and Publications

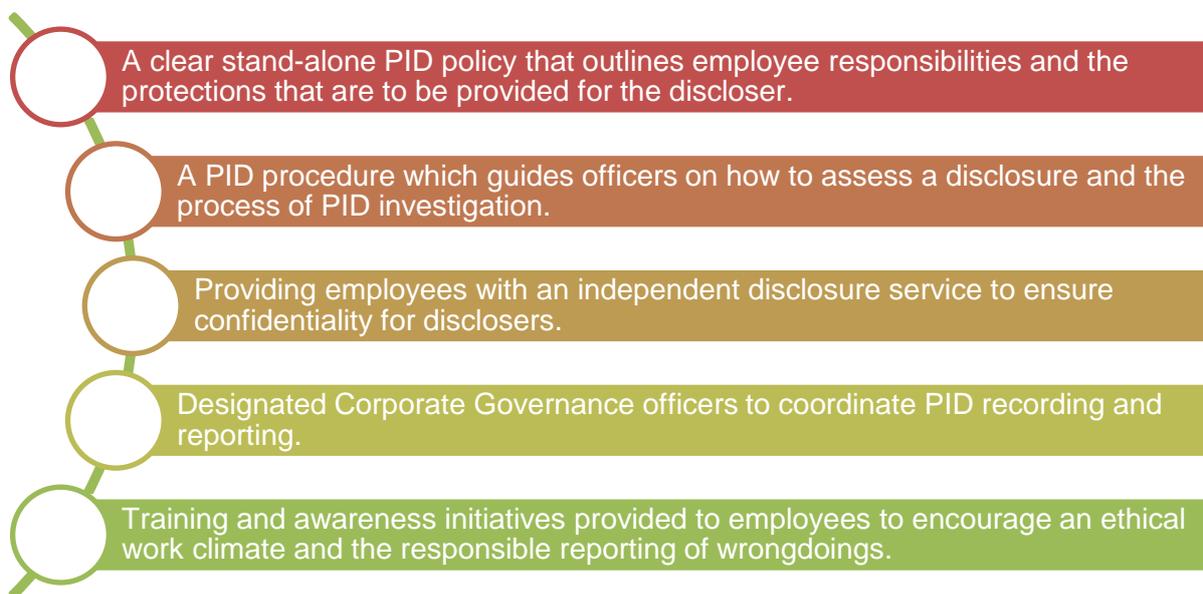
- Fraud and Corruption Prevention Procedure
- Fraud and Corruption Prevention Action Plan
- Public Interest Disclosure Procedure Guideline
- Code of Conduct
- Administrative Action Complaints Procedure
- Corporate Governance Handbook

✚ Protections and support for disclosers

Employees who know or have good reason to suspect any fraudulent, corrupt or unethical conduct must report it immediately. MRC has developed procedures for protections and support for disclosers so that people know what to do when the need arises.

It is important for an organisation to show, through words and actions, that it will take all reasonable steps to provide support to disclosers and provide them with protection from reprisal. To address this, MRC has developed separate PID processes to supplement the usual reporting processes, such as grievance procedures or complaints.

MRC also recognises that the decision to report a concern can be difficult therefore employees are provided with the ability to disclose information in a secure and confidential manner through an independent disclosure service.



Supporting Policies

- Fraud and Corruption Prevention Policy
- Public Interest Disclosure Policy

Related Plans and Publications

- Fraud and Corruption Prevention Procedure
- Fraud and Corruption Prevention Action Plan
- Public Interest Disclosure Procedure Guideline
- Code of Conduct
- Corporate Governance Handbook

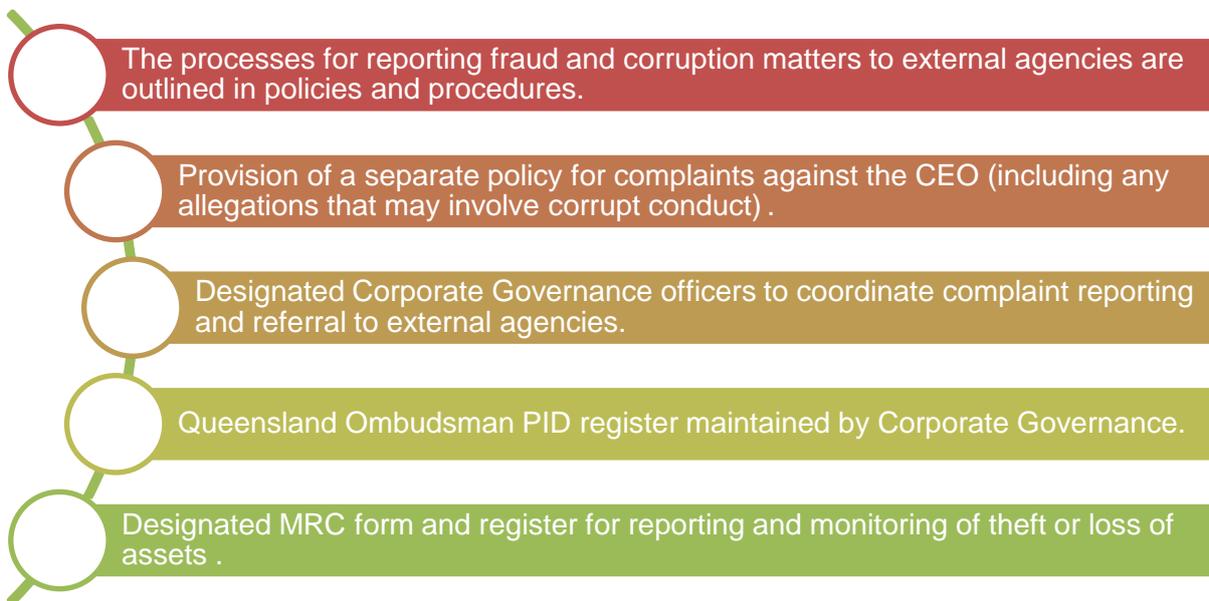
External reporting

Queensland's public-sector integrity agencies have roles, responsibilities and powers to promote good governance, accountability and integrity. These agencies are:

- the Crime and Corruption Commission
- the Queensland Ombudsman
- the Queensland Audit Office
- the Queensland Integrity Commissioner
- the Office of the Information Commissioner.

These agencies are supplemented by the law enforcement role of the Queensland Police Service.

Each of these bodies play a significant role in dealing with fraud and corruption. To ensure that the obligations for the reporting of fraud to external bodies are met, MRC has policies and procedures are in place so that appropriate action can be taken.



Supporting Policies

- Fraud and Corruption Prevention Policy
- Administrative Action Complaints Policy
- Public Interest Disclosure Policy
- Complaints against the CEO Policy
- Portable and Attractive Items Policy

Related Plans and Publications

- Fraud and Corruption Prevention Procedure
- Fraud and Corruption Prevention Action Plan
- Public Interest Disclosure Procedure Guideline
- Administrative Action Complaints Procedure
- Corporate Governance Handbook

✚ Investigation management process

Once suspected fraud or corruption has been identified or reported, a number of other processes must follow. The appropriate processes will depend on the nature and seriousness of the alleged conduct. In most cases MRC will manage the initial receipt of the complaint, and then conduct preliminary inquiries to establish the substance of the matter to determine the most appropriate action to take.

Where appropriate, investigations also consider what improvements can be made to policies, procedures and systems within MRC to prevent a reoccurrence. Information about investigation outcomes relating to employees is provided to MRC management and the MRC Audit Committee each year. Notification to external agencies takes place as required.



Supporting Policies

- Fraud and Corruption Prevention Policy
- Administrative Action Complaints Policy
- Public Interest Disclosure Policy

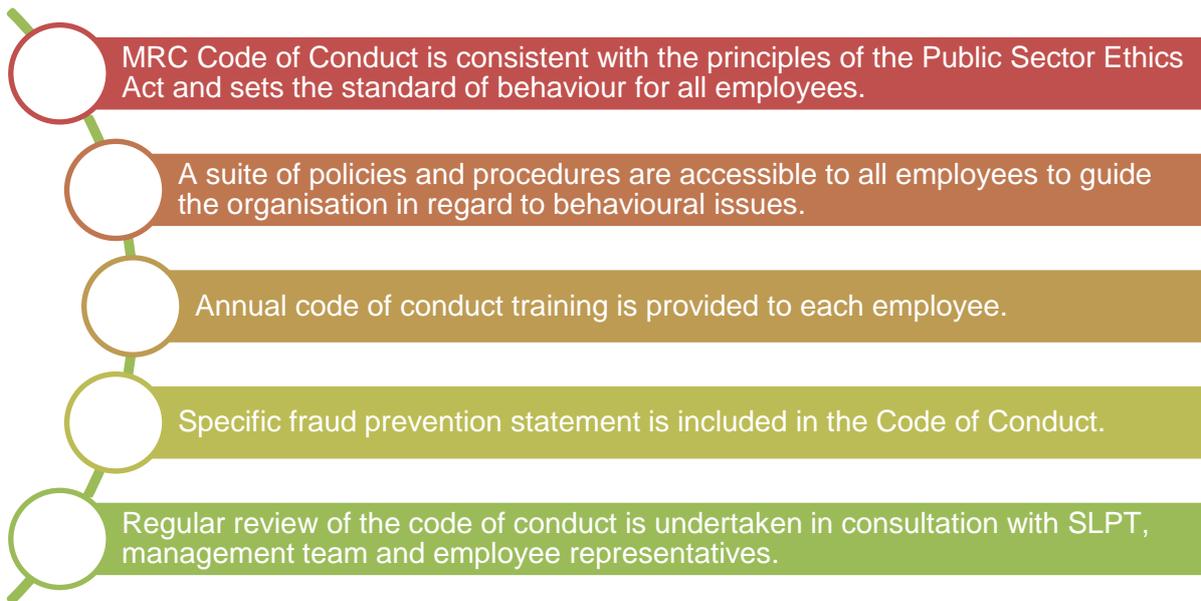
Related Plans and Publications

- Fraud and Corruption Prevention Procedure
- Fraud and Corruption Prevention Action Plan
- Public Interest Disclosure Procedure Guideline
- Code of Conduct
- Administrative Action Complaints Procedure
- Corporate Governance Handbook
- Authorised Person Register

Code of Conduct

A code of conduct outlines the standards of behaviour expected within an organisation, consistent with the public-sector ethics principles and values. Fraud and corruption is an example of a departure or breach of the expected standards of behaviour for officers.

The MRC Code of Conduct reflects the core MRC values and provides the framework within which employees perform their duties. It also provides an “ethical roadmap” for employees by supplying guidance about the standards of expected behaviour. Just as importantly, the code of conduct clearly states the types of behaviours MRC considers unacceptable.



Supporting Policies

- Gifts and Benefits Policy
- Public Interest Disclosure Policy
- Disciplinary Procedure Policy
- Related Party Policy
- Conflict of Interest Policy
- Recruitment and Selection Policy
- MRC Discrimination and Harassment Policy
- Drug and Alcohol Policy
- Equal Employment Opportunity Policy
- Inclusive Workplace Policy

Related Plans and Publications

- Public Interest Disclosure Procedure Guideline
- Code of Conduct
- 2017-2020 Learning and Development Plan
- 2017-2020 Organisational Culture Strategy

Organisational culture change program

Creating an environment that resists fraud and corruption and rewards integrity requires a range of strategies. By setting and enforcing ethical standards, MRC works to provide its workforce with a strong ethical culture that is equipped to detect and prevent wrongdoing.



Supporting Policies

- MRC Discrimination and Harassment Policy
- Equal Employment Opportunity Policy
- Inclusive Workplace Policy

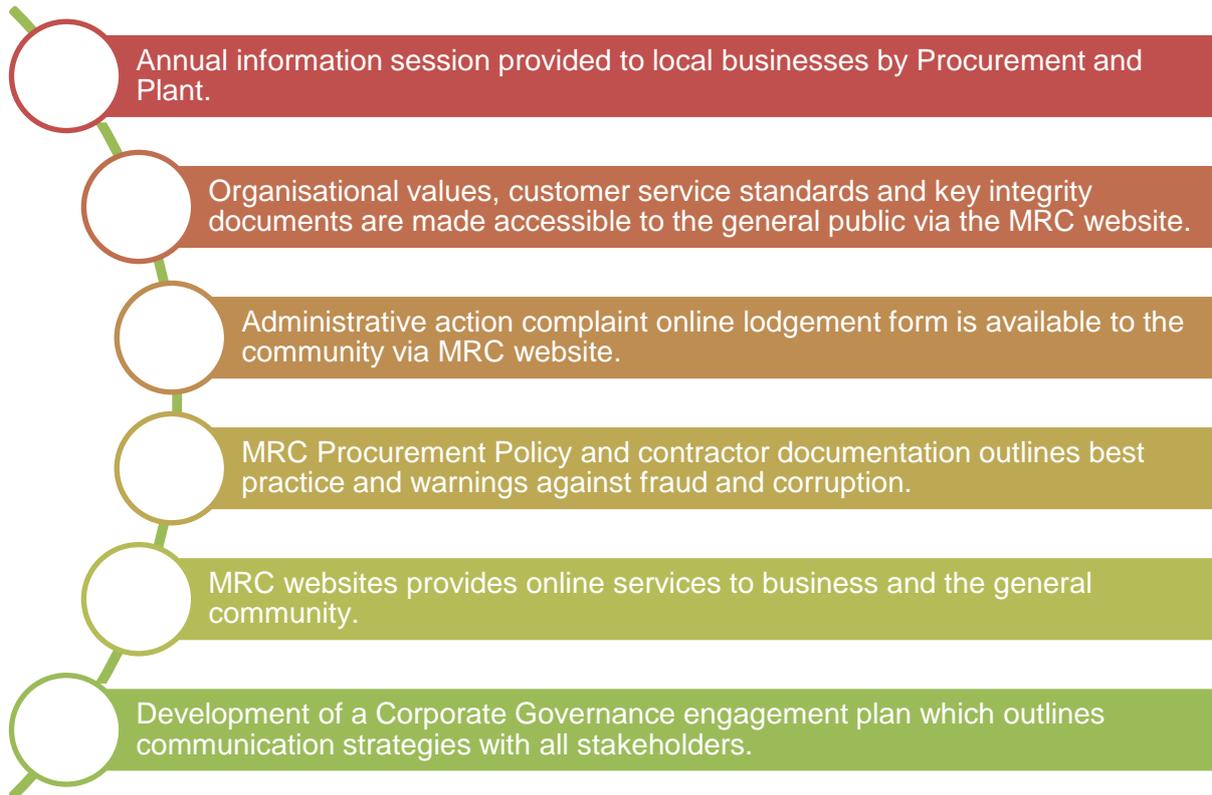
Related Plans and Publications

- Code of Conduct
- MRC Corporate Plan
- 2017-2020 Learning and Development Plan
- 2017-2020 Organisational Culture Strategy

⊞ Client and community awareness program

The community in general, our customers and suppliers are key stakeholders of MRC. To maintain public trust, MRC must be committed to fairness, ethical behaviour and transparency in meeting our obligations our stakeholders.

If external stakeholders are aware of MRC's stance on fraud and corruption they are better positioned to recognise and report untoward situations. By fostering transparency and promoting acceptable policies and practices, an organisation is more likely to hear about inappropriate practices from customers and other members of the community.



Supporting Policies

- Administrative Action Complaints Policy
- Gifts and Benefits Policy
- Procurement Policy
- Related Party Policy
- Conflict of Interest Policy
- Recruitment and Selection Policy

Related Plans and Publications

- Code of Conduct
- Administrative Action Complaints Procedure

Review: This document will be reviewed at intervals of no more than three (3) years.

Version Control:

Version	Reason / Trigger	Change	Endorsed / Reviewed	Date
1	Development of framework	N/A	Director Organisational Services	18/03/2019