

 <p><b>Mackay</b> REGIONAL COUNCIL</p>	COUNCIL POLICY	
	Fraud & Corruption Prevention	
	POLICY NO	045
	DEPARTMENT	Organisational Services
PROGRAM	Governance & Safety	
ENDORSED BY COUNCIL	13 February 2019, Folio 60988	

## 1.0 Scope

This policy applies to any fraud or corruption, or suspected fraud or corruption, involving Mackay Regional Council (MRC) employees, Councillors, contractors, consultants, volunteers, vendors or any other party dealing with MRC.

## 2.0 Purpose

The purpose of this policy is to set out the organisational requirements to prevent, detect, respond to and report fraud and corruption at MRC.

## 3.0 Reference

- *Crime & Corruption Act 2001*
- *Public Interest Disclosure Act 2010*
- *Local Government Act 2009*
- *Local Government Regulation 2012*
- *Criminal Code Act 1899*
- *Public Sector Ethics Act 1994*
- MRC Code of Conduct
- Public Interest Disclosure Policy
- MRC Fraud & Corruption Prevention Procedure

## 4.0 Definitions

To assist in interpretation the following definitions shall apply:

**Benefit** includes property, advantage, service, entertainment, the use of or access to property or facilities, and anything of benefit to a person whether it has any inherent or tangible value, purpose or attribute.

**Corrupt Conduct** has the same meaning as 'corrupt conduct' under the *Crime and Corruption Act 2001* being 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 –
  - (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 of powers mentioned in paragraph (a) in a way that –
  - (i) is not honest or is not impartial; or
  - (ii) involves a breach of the 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.
- (c) is engaged in 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.

Corrupt conduct may include, but is not limited to:

- (a) abuse of public office;
- (b) bribery, including bribery relating to an election;
- (c) extortion;
- (d) obtaining or offering a secret commission;
- (e) fraud;
- (f) stealing;
- (g) forgery;
- (h) perverting the course of justice;
- (i) an offence relating to an electoral donation;
- (j) loss of revenue of the State;
- (l) homicide, serious assault or assault occasioning bodily harm or grievous bodily harm;
- (m) obtaining a financial benefit from procuring prostitution or from unlawful prostitution engaged in by another person;
- (n) illegal drug trafficking;
- (o) illegal gambling.

**Council** shall mean the Mayor and Councillors of Mackay Regional Council.

**Fraud** has the same meaning as defined in the Criminal Code Act 1899 shall mean a

- (1) A person who dishonestly:
    - (a) applies to his or her own use or to the use of any person:
      - (i) property belonging to another; or
      - (ii) property belonging to the person, or which is in the person's possession, either solely or jointly with another person, subject to a trust, direction or condition or on account of any other person; or
    - (b) obtains property from any person; or
    - (c) induces any person to deliver property to any person; or
    - (d) gains a benefit or advantage, pecuniary or otherwise, for any person; or
    - (e) causes a detriment, pecuniary or otherwise, to any person; or
    - (f) induces any person to do any act which the person is lawfully entitled to abstain from doing; or
    - (g) induces any person to abstain from doing any act which that person is lawfully entitled to do; or
    - (h) makes off, knowing that payment on the spot is required or expected for any property lawfully supplied or returned or for any service lawfully provided, without having paid and with intent to avoid payment;
- commits the crime of fraud.

**MRC** shall mean Mackay Regional Council.

**MRC Officers/Employees** shall mean all elected Councillors, all persons employed by MRC on a permanent, temporary or casual basis and includes persons engaged under a contract of service, and volunteers.

## 5.0 Background

MRC recognises that fraud and corruption management is an integral part of good governance and management practice. This policy is intended to implement and maintain controls which will aid in the prevention, reduction and detection of fraud and corruption.

It is essential for MRC to have an efficient and effective system to manage its resources appropriately and to establish an effective fraud and corruption prevention framework to prevent, detect and respond to fraud and corruption and to assist MRC, Management and employees to promote professional integrity and ethical behavior as outlined in MRC's Code of Conduct.

## 6.0 Policy Statement

MRC is committed to the detection and prevention of all forms of fraud and corruption and to the creation of an ethical culture and environment that discourages and prevents fraud and corruption. MRC is committed to:

- A zero-tolerance approach to fraud and corruption.
- Fraud and corruption control and management as an integral component of effective corporate governance;
- Transparent and accountable processes consistent with sound business practices and organisational standards of compliance;
- Preventing fraud and corruption whilst investigating any suspected incidents and taking appropriate action;
- Establishing and maintaining an annual Fraud & Corruption Prevention Plan to minimise the impact and reduce the incidence of fraud and corruption within the work environment.

All MRC employees must act with integrity in accordance with MRC's Code of Conduct and are responsible for the prevention and detection of fraud and corruption as outlined in MRC's Fraud & Corruption Prevention Policy and Procedure.

Any allegation or suspicion of fraud or corruption will be investigated appropriately in accordance with the requirements of the particular case (i.e. criminal, disciplinary or administrative mechanisms).

### 6.1 **Responsibility**

MRC's Chief Executive Officer has the responsibility to ensure compliance with this policy and to ensure that all employees are aware of the requirement to conduct their duties in a professional and ethical manner. The Chief Executive Officer is also responsible for ensuring all legislative obligations in relation to reporting and investigating fraud and corruption matters are met.

MRC's Strategy, Leadership and Performance Team (SLPT) is responsible for setting the ethical tone for MRC, consistent with the values and ethical principles of the *Public Sector Ethics Act 1994* and MRC's Code of Conduct. SLPT shall ensure that MRC has in place appropriate measures and resources to deal with allegations of fraud and corruption and to prevent and deter instances of fraudulent or corrupt conduct and that MRC operations are undertaken with integrity, honesty and transparency.

MRC Managers are responsible for the implementation of systems and processes that integrate fraud and corruption prevention strategies into their day to day business processes. Managers should communicate, monitor and integrate MRC's Fraud and Corruption Prevention Policy and Procedure into the area over which they have responsibility.

MRC's Manager Governance & Safety is responsible for the implementation of the annual Fraud and Corruption Prevention Plan, for the statutory reporting of incidents of fraud, and for coordinating the investigation of all fraud and corruption allegations. Information about the incidents, trends and improvements will be reported to SLPT and the Audit Committee on a regular basis.

The Audit Committee is responsible for the provision of independent assurance, oversight and advice to Council and the Chief Executive Officer on matters relating to fraud and corruption prevention as part of its oversight of MRC's internal control and risk management arrangements. This includes:

- Monitoring whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification, assessment and management of key business and financial risks, including fraud and corruption risks.
- Monitoring the process of developing and implementing fraud and corruption internal control arrangements including mechanisms to prevent, detect and effectively respond to fraud and corruption;
- Considering reports on fraud and corruption that outline and identify allegations of fraud and corruption, the status of any ongoing investigations and any changes to the identified fraud and corruption risk profile.

MRC's Manager People & Culture is responsible for ensuring that human resource management arrangements promote good fraud and corruption prevention practices. The Manager People & Culture, in liaison with the Manager Governance & Safety, will also ensure that all alleged breaches are fully investigated and dealt with appropriately.

All MRC employees have an obligation to understand and adhere to MRC's Code of Conduct which outlines their obligations with regard to fraud and corruption prevention. MRC employees also have an obligation to participate in learning and development activities aimed at improving their understanding of fraud and corruption prevention.

## 6.2 ***Guiding Principles***

MRC will establish an environment in which fraud and corruption is not tolerated and will demonstrate a commitment to the rigorous management of fraud and corruption risks by implementing a range of mechanisms to prevent, detect and respond to fraud and corruption.

The aim of this Policy and associated documentation is to:

- Avoid any incidence of fraud and corruption;
- Minimise opportunities for fraud and corruption through effective internal controls, awareness and appropriate supervision;

- Encourage ethical dealings at all levels of MRC;
- Ensure compliance with legal and statutory obligations; and
- Prevent any financial or reputational damage to MRC.

### 6.3 ***Fraud & Corruption Control Assessments***

The assessment of routine work matters can identify internal control weaknesses that could increase the organisation's exposure to fraud and corruption. Fraud and corruption risk control assessments will assist MRC in identifying those areas that have the potential to involve instances of fraud and/or corruption, and to implement measures to reduce risks. MRC will undertake fraud and corruption risk control assessments as part of its annual Fraud and Corruption Prevention Plan.

### 6.4 ***Internal Controls***

MRC commits to maintaining a strong internal control system and promotes and monitors the use of effective internal controls.

Effective internal controls will continue to be developed and maintained through the cooperation of all MRC programs.

### 6.5 ***Internal Reporting***

As per MRC's Code of Conduct, MRC employees who know or have good reason to suspect any fraudulent, corrupt, criminal or unethical conduct must report it immediately.

MRC encourages the reporting of any concerns or suspicions about fraudulent or corrupt activity to:-

- The Mayor;
- The Chief Executive Officer;
- A member of the Management Team;
- A Coordinator or Supervisor;
- The Manager Governance & Safety; or
- Disclose.com (available internally only - Disclose.com is an external service facilitated by MRC that allows staff to anonymously report instances of fraud and corruption independently of MRC.

All reports of alleged fraud and corruption will be treated confidentially to the fullest extent possible under the law.

The Chief Executive Officer (or his / her delegate) has a specific role in determining how the alleged conduct is to be investigated and ultimately

addressed, particularly if further investigation is required through an external agency

## 6.6 ***External Reporting***

In Queensland's public sector there are a number of independent agencies which are responsible for promoting good governance, accountability and integrity and that provide law enforcement:

- The Crime and Corruption Commission;
- The Queensland Audit Office;
- The Queensland Ombudsman;
- The Queensland Police Service.

The Manager Governance & Safety is MRC's delegated contact officer for reporting of any fraudulent or corruption conduct to the appropriate agency.

## 6.7 ***Recording and Notifying Loss of a MRC Asset***

The Governance & Safety program is to be notified of any theft or loss of MRC assets in order to determine whether the matter should be treated as a fraud and also because a claim for losses may be able to be made against an MRC insurance policy. The Governance & Safety program will then notify the relevant external agencies as per section 307A of the *Local Government Regulation 2012*.

## 6.8 ***Public Interest Disclosures***

MRC has certain obligations under the *Public Interest Disclosure Act 2010* to any person who makes a public interest disclosure. Those obligations, depending on circumstances, may extend to a person who discloses fraud or corruption conduct.

For further information, please refer to the Public Interest Disclosure Policy.

## 6.9 ***Investigations***

The Manager Governance & Safety, under the direction of the Chief Executive Officer, will coordinate the investigation in relation to any fraudulent or corrupt conduction to ensure that the appropriate processes have been adhered to.

## 7.0 Review of Policy

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, this policy is to be reviewed at intervals of no more than three years.

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Version Control:

Version	Reason / Trigger	Change	Endorsed / Reviewed	Date
1	Review of Policy		Council	28.01.15
2	Review of Policy	Amendments made to Policy	Council	28.06.17
3	Review of Policy	Amendments made to Policy	Council	13.02.19