

Fraud and Corruption Management Policy

Crime and Corruption Act 2001

1. Policy Statement

This policy demonstrates Townsville City Council's (Council) commitment to rigorously manage fraud and corruption risks, including proactively preventing and detecting fraud and corruption. Council will respond to fraud and corruption events by investigating in a fair and transparent manner and prosecuting to the fullest extent possible under the law. Council has zero tolerance for, and denounces all forms of, fraud and corruption.

This policy is to be read in conjunction with:

- Council's Fraud and Corruption Management Framework and associated response plan; and
- Enterprise Risk Management Policy and Framework.

2. Principles

Council is committed to understanding and managing fraud and corruption risks in alignment with Australian Standard (AS) 8001:2021 - Fraud and Corruption Control. Council aims to:

- minimise its exposure to the risk of fraud and corruption; and
- promptly and comprehensively address reports of fraudulent or corrupt conduct.

Council will develop and maintain a framework and response plan, detailing current operating processes, roles and responsibilities relating to the management of fraud and corruption.

3. Scope

This policy applies to all people acting for or on behalf of Council, including Councillors, managers and workers.

This policy applies to all Council-related activities and includes fraud and corruption against Council, as well as fraudulent or corrupt conduct by its workers.

4. Responsibility

| Role | Responsibility |
|---------|---|
| Workers | <ul style="list-style-type: none"> • manage fraud and corruption risks in daily roles; |

| Role | Responsibility |
|--|---|
| | <ul style="list-style-type: none"> • follow relevant corporate processes and guidance documents; • in alignment with Council’s Enterprise Risk Management Framework: <ul style="list-style-type: none"> ○ identify and report fraud and corruption risks and controls promptly to appropriate management; and ○ escalate risks beyond capacity or authority for higher-level review. |
| <p>Directors and Managers</p> | <p>Directors and managers are to actively promote Council’s Fraud and Corruption Management Framework and lead by example by demonstrating ethical decision-making and by acting with integrity in their dealings.</p> <p>As part of their job performance, managers are responsible for the oversight of the Council’s resources and are expected to create and promote an ethical workplace culture. Managers are required to:</p> <ul style="list-style-type: none"> • assess the risk of fraud and corruption occurring in their areas of responsibility and to implement appropriate control measures; • ensure that fraud and corruption control measures are updated as the environment, organisation and systems change; and, • ensure that all workers understand their individual responsibility in preventing fraud and corruption. This includes ensuring that workers in their respective areas receive fraud and corruption training regularly re-enforcing Council’s zero tolerance stance on fraud and corruption. |
| <p>Governance, Risk and Compliance Team</p> | <ul style="list-style-type: none"> • ensure the regular maintenance and review of the Fraud and Corruption Management corporate guidance documents. |
| <p>Chief Legal Officer (CLO)</p> | <p>The CLO has delegated authority from the CEO to serve as the “Fraud and Corruption Control Coordinator”.</p> <p>The CLO is responsible for:</p> <ul style="list-style-type: none"> • overseeing implementation and management of the Fraud and Corruption Management Framework and associated response plan; • providing advice to the CEO and Directors as necessary on fraud and corruption matters; and, • providing accurate and timely advice to the Audit and Risk Committee on fraud and corruption matters. |
| <p>Chief Executive Officer (CEO)</p> | <p>The CEO is responsible for the efficient and effective operation of Council and plays a prominent role with a proactive stance on the prevention of fraud and corruption.</p> |

| Role | Responsibility |
|--------------------------|---|
| | <p>The CEO is responsible for:</p> <ul style="list-style-type: none"> ensuring compliance with this policy and associated framework; resolving escalated matters as required; and, where appropriate, reporting matters to Councillors or regulating bodies in accordance with established reporting protocols and legislative requirements. |
| Audit and Risk Committee | <ul style="list-style-type: none"> provide independent advice; and oversee, monitor, review and advise on fraud and corruption management activities and framework. |
| Councillors | <ul style="list-style-type: none"> approve this policy and associated framework; define and approve levels of risk appetite and tolerance relating to fraud and corruption; and, seek appropriate assurance on the framework's effectiveness. |

All Council workers and Councillors have a shared responsibility and obligation to report any suspected or known incidents of fraud and corruption immediately.

5. Definitions

| Term | Definition |
|------------------------------|---|
| Corporate Guidance Documents | includes Council policies, administrative directives, associated procedures, frameworks, etc. |
| Corruption | means dishonest activity in which a person associated with Council acts contrary to Council's interests and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. |
| Corrupt Conduct | <p>is defined in section 15 of the <i>Crime and Corruption Act 2001</i>. Generally, it means:</p> <ol style="list-style-type: none"> Conduct that affects, or could affect, a public officer so that the performance of their functions or the exercise of their powers: <ol style="list-style-type: none"> is not honest or impartial; or knowingly or recklessly breaches public trust; or involves the misuse of council-related information or material. |

| Term | Definition |
|--------------|---|
| | <p>2. Specific types of conduct that impairs, or could impair, public confidence in public administration, including:</p> <ol style="list-style-type: none"> a. collusive tendering; b. fraud relating to an application for a licence, permit or other authority relating to public health or safety, the environment, or natural, cultural, mining, or energy resources; c. dishonestly obtaining public funds or assets; d. evading a tax, levy or duty or fraudulently causing a loss of revenue; e. fraudulently obtaining or retaining an appointment. <p>Examples of corrupt conduct:</p> <ul style="list-style-type: none"> • A Council worker knowingly claiming allowances they are not entitled to. • A purchasing officer accepting “kickbacks” in the tendering process. • A Council worker looking up customer records without a valid work need. • A Council worker manipulating a selection panel decision to ensure that a relative gets the job. |
| <p>Fraud</p> | <p>means dishonest activity causing actual or potential 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.</p> <p>Fraud is a criminal offence as defined in Section 408C of the <i>Criminal Code Act 1899</i>.</p> <p>Fraud may include:</p> <ul style="list-style-type: none"> • theft; • obtaining property, a financial advantage or any other benefit by deception; • causing a loss, or avoiding or creating a liability by deception; • knowingly providing false or misleading information to Council, or failing to provide information where there is an obligation to do so; • a breach of trust in the performance of official duties, by which an worker or Councillor acts contrary to the interests of Council in order to achieve some personal gain or advantage for themselves or for another person or entity; |

| Term | Definition |
|---------|---|
| | <ul style="list-style-type: none"> • using forged or falsified documents for an improper purpose; and, • deliberate misstatement of accounting information for an improper purpose. |
| Manager | an individual responsible for overseeing and coordinating specific functions, departments, teams or projects within Townsville City Council. |
| Risk | the effect of uncertainty on objectives, encompassing positive, negative or both outcomes that can create, address or result in opportunities and threats. |
| Workers | includes employees, contractors, volunteers and all others who perform work on behalf of Council. |

6. Policy

Council is committed to the control and elimination of all forms of fraud and corruption and to creating an ethical environment and culture that discourages and prevents fraud.

All people acting for or on behalf of Council must comply with Council's Fraud and Corruption Management Framework and are responsible for the prevention and detection of fraud and corruption by:

- understanding the responsibility of their position;
- understanding the behaviour that constitutes fraud and corrupt conduct; and,
- understanding and adhering to the law, code of conduct, and other policies and procedures.

All people acting for or on behalf of Council must act with integrity and in accordance with Council's values at all times. In practice, this means:

- Workers behave appropriately in interacting with colleagues and the community.
- Workers are prudent and accountable in the use of public money and resources.
- Workers maintain an honest, ethical and conscientious culture.

Council will treat all complaints about, and instances of, fraud and corruption seriously. Council will cooperate with all relevant investigative and regulatory bodies and will take fair, proportionate disciplinary action against any worker or third party found to have engaged in fraud and corruption.

Council will attempt to recover funds where there is clear evidence of fraud or corruption, and where the likely benefits will exceed the funds and resources invested in the recovery action.

6.1. Risk Assessment

Council will undertake a fraud and corruption risk assessment at least every two years to enhance its fraud and corruption management capability and inform related corporate guidance documents and processes.

6.2. Internal Controls

Council will maintain an internal control structure to minimise exposure to fraud and corruption. The primary mechanism for this control will be the Council's Internal Control Framework, operating in conjunction with established audit and financial management practices.

6.3. Internal Reporting

Workers must report any concerns or suspicions that they have about fraudulent or corrupt activity to their immediate manager.

If the worker believes that the manager may be involved in the activity, then the report must be made to a more senior person, to the Investigations Coordinator, CLO or delegate. The Public Interest Disclosure Form may be completed where a matter of fraud is being reported.

Concerns and suspicions must be reported as soon as possible. A worker must not attempt to investigate further themselves.

Council must ensure that any report of suspected fraud or corruption is treated confidentially to the fullest extent possible under the law.

6.4. External Reporting

By law, all allegations of corrupt conduct with reasonable suspicion, must be reported to the Crime and Corruption Commission (CCC).

The CLO or delegate is the designated contact officer for the CCC, and all reports to the CCC must be made by them.

The CLO or delegate must ensure that reports of fraudulent or corrupt conduct are made to the Queensland Audit Office as appropriate.

The CLO or delegate may also report criminal and corrupt conduct matters to the Queensland Police Service.

6.5. Public Interest Disclosure

Council recognises the importance of public interest disclosures in the prevention and detection of fraud and corruption and takes seriously its obligations to any person who makes a public interest disclosure in accordance with the *Public Interest Disclosure Act 2010*. Public interest disclosures will be managed in accordance with Council's Public Interest Disclosure Policy.

6.6. Investigations

Council acknowledges that the prompt, fair and transparent investigation of fraud and corruption events is critical to disrupt the activity, and where possible, to recover funds or property. Council will investigate fraud and corruption events in accordance with its Investigation Policy.

7. Legal Parameters

Crime and Corruption Act 2001

Criminal Code Act 1899

Local Government Act 2009

Local Government Regulation 2012

Public Interest Disclosure Act 2010

8. Associated Documents

AS 8001:2021 - Fraud and Corruption Control

Enterprise Risk Management Policy

Enterprise Risk Management Framework

Fraud and Corruption Management Framework

Investigations Policy

Public Interest Disclosure Policy

Public Interest Disclosure Procedure

Public Interest Disclosure Standard No. 1/2019

Public Interest Disclosure Standard No. 2/2019

Public Interest Disclosure Standard No. 3/2019