# Pormpuraaw Aboriginal Shire Council

# Fraud Policy F001.

**Head of Power.**

**Local Govt Act 2009.**

**Local Govt Regulation 2012.**

**Crime & Corruption Act 2001.**

1. **INTENT**

To:

* demonstrate Pormpuraaw Aboriginal Shire Council (PASC) commitment to rigorously manage fraud risk,
* provide guidance on how PASC will manage the prevention of fraud,
* establish procedures for appropriate reporting and investigation of fraud,
* assist compliance with statutory obligations; eliminate or minimise internally and externally instigated fraud against PASC; and,
* assist in the detection of all instances of fraud and corruption against PASC.

1. **SCOPE**

This policy applies to all PASC Councillors, employees, consultants, contractors and volunteers.

1. **PROVISIONS**

Fraud is characterised by some form of deliberate deception to facilitate or conceal the misappropriation of assets or the taking of an unlawful advantage or benefit. This includes corruption which involves a breach of trust in the performance of official duties. It also means that a person in a fiduciary relationship with PASC (such as an employee, manager or elected member) acts contrary to the interests of PASC in order to achieve some personal gain or advantage for them self or for another person or entity.

PASC acknowledges that a Policy and accompanying plan must be in place that addresses the following elements of effective Fraud Control:

1. Policy statement
2. Internal Controls
3. Internal Reporting
4. Audit committee
5. External Reporting
6. Public Interest Disclosures
7. Investigations
8. Code of Conduct
9. Staff Education and awareness
10. Client & Community awareness
11. **PRINCIPLES**

PASC is committed to the control and elimination of all forms of fraud and to create an ethical environment and culture that discourages and prevents fraud.

All staff are responsible for the prevention and detection of fraud.

All allegations and suspicions of fraud will receive attention and all substantiated cases will be dealt with appropriately either by criminal, disciplinary or administrative mechanisms suitable to the particular case (having due regard for the rights of all persons, including any person reporting a fraud and of any alleged perpetrator of fraud).

**Internal Controls**

PASC will establish (where not already in place) and maintain an internal control structure to provide for the following:

1. Control Environment - consists of strong emphasis on lines of accountability, organisational structure, internal audit function, audit committee and risk management committee and suitably qualified and competent staff with their performance assessed against operational performance criteria.

Of all internal controls, adequate division of duties is possibly one of the most important and should be factored into all stages of systems development, operation and ongoing assessment.

1. Appropriate Information Communication and Technology (ICT) systems which consists of transactions, records, operating systems producing the ICT information, data collection and exchange, internal and external communications, human and physical resources, reporting, including adequate audit trials and an effective policy framework that helps to provide assurance as to the integrity and security of data and that appropriate access controls are in place over data.
2. Internal control procedures comprising of basic checks and balancing activities that are carried out to ensure the completeness, relevance, accuracy and timeliness of the accounting and other transactions. Control procedures include prevention and detection.

**Internal Reporting**

Reporting is a critical step in detecting fraud. All staff are encouraged to report to their Supervisor or Manager and areas that they feel may be compromised by issues of fraud.

Concerns and suspicions should be reported as soon as possible. An employee should not attempt to investigate further him or herself.

If such suspicions are reported, PASC will give such report attention and will endeavour to ensure that the report is dealt with the appropriate degree of confidentiality. If the report is a “public interest disclosure”, PASC will deal with that disclosure in accordance with PASC the appropriate policy.

**External Reporting**

This includes reporting of fraud and recovery of proceeds of fraudulent activity, reporting to Queensland Audit Office (QAO), Crime and Corruption Commission (CCC) and the Queensland Police Service.

External reporting is another reporting channel that facilitates reporting and increases the likelihood that fraud and corruption will be detected. Whilst external reporting may be an option for some employees, the CCC requires the Chief Executive Officer (CEO) to notify the CCC if they suspect a matter may involve official misconduct.

Official Misconduct is defined as any misconduct connected with the performance of an officer’s duties that:

* Is dishonest or lacks impartiality
* Involves a breach of trust, or
* Is a misuse of officially obtained information

To be considered official misconduct, the conduct must constitute a criminal offence or be serious enough to justify dismissal.

**Public Interest Disclosure**

Public Interest Disclosure (PID) is defined under the *Public Interest Disclosure Act 2010*, and is any disclosure made by a public officer to a supervisor, an internal auditor or investigator, the Chief Executive Officer or an external investigation agency, which contains information about:

* Official misconduct
* Maladministration that adversely affects anyone’s interests in a substantial and specific way
* Negligent or improper management resulting or likely to result in a substantial waste of public funds (provided that the disclosure is not based on mere disagreement) a substantial and specific danger to public health or safety or to the environment and or a reprisal taken against anyone for having made a public interest disclosure.

PASC’s practices must ensure that anyone making a disclosure receives the protection afforded under the *PID Act* to the full extent possible.

**Investigation**

If the conduct could possibly constitute official misconduct, there is a statutory obligation under the CCC Act for the CEO to report the matter to the CCC. As fraud and corruption fall within the definition of official misconduct, these matters will automatically need to be reported.

A full investigative response is best when dealing with serious matters where the conduct, if proved, could result in dismissal or demotion. Complaints are best dealt with by prompt managerial action.

Investigations must be in accordance with the rules of procedural fairness or natural justice.

**Code of Conduct**

PASC has in place a Code of Conduct for staff and has adopted the Code of Conduct for Councillors. The Code of Conduct articulates the expectations and standards of ethical behaviour within the organization. Fraud and corruption can result from departures from the expected standards of behaviour, and the code provisions underpin many of the operational practices designed to minimise the integrity risks.

PASC acknowledges the importance of, and commits to, consistent application of standards to issue as they arise.

**Staff Education and Awareness**

PASC will continue to ensure that all staff are aware of their obligations and expectations with respect to ethical behaviour. This is achieved through introducing staff to this at induction and through the use of regular refreshing training. However, PASC is committed to make a more significant commitment to staff development programs that foster an ethical organisational culture

Education is orientated towards awareness and understanding of principles, like ethics, whereas training normally focuses on application and operational issues. Examples of these are ethics, privacy and fraud awareness activities.

**Client and Community Awareness**

PASC is committed to ensuring that our community is aware of our high standards with regard to the elimination of all corruption and fraud together with easily accessible information on the means of raising any concerns or suspicious behaviour. Client and Community awareness means a wide-ranging knowledge and supportive understanding of the PASC standards of corporate and staff behaviour. External stakeholders will receive clear messages about PASC’s stance on fraud and corruption and are given unambiguous guidance about acceptable and unacceptable business practices.

**5.** **PROCEDURE**

1. The Pormpuraaw Aboriginal Shire Council must adopt the policy

2. The Chief Executive Officer (CEO) must implement the adopted policy

3. All Audit Committee members are to review the risks and implementation and provide PASC with recommendation.

**6. REVIEW**

It is the responsibility of the Governance Manager to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed bi-annually by the Audit Committee, Governance Manager and Chief Executive Officer.

## POLICY VERSION AND REVISION INFORMATION

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| Policy Authorised by: Edward Natera  Title: CEO | Original version : 14/09/2015 |
| Policy Maintained by: Catherine Kaehne  Title: Governance and Admin Manager | Current version : 14/09/2015 |
| Review date: 14/03/2017 |  |