

FRAUD AND CORRUPTION FRAMEWORK

- Intent** To demonstrate Cairns Regional Council's (Council) commitment to rigorously manage fraud risk by:
- providing guidance on how Council will manage the prevention of fraud and corruption;
 - establishing procedures for appropriate reporting and investigation of fraud and corruption;
 - eliminating or minimising internally and externally instigated fraud and corruption against Council; and
 - assisting in the detection of all instances of fraud and corruption against Council.

Scope This administration instruction applies to all people acting for, or on behalf of, Council including Councillors, employees, consultants and contractors. Where this document refers to employees it is referring to employees, consultants, contractors, and volunteers.

PROVISIONS

Council's Fraud and Corruption Framework and Fraud and Corruption Control Plan (#7688935) are consistent with the Australian Standards AS 8001:2021 for Fraud and Corruption Control and AS/NZS 31000:2018 for Risk Management.

Cairns Regional Council (Council) is committed to a comprehensive, effective, and proactive strategy for the prevention and management of fraud and corruption, as outlined in its Fraud and Corruption Policy.

Council will uphold this commitment, by offering thorough guidance and direction to Councillors, Council employees, and stakeholders regarding the processes for:

- preventing fraud and corruption;
- detecting fraud and corruption in Council; and
- responding to fraud and corruption in Council.

The objectives of this framework and the fraud and corruption control plan include:

- defining and illustrating clear examples of fraud and corruption;
- articulating Council's stance on fraud and corruption;
- establishing a framework to reduce the risk of fraud and corruption within and against Council;
- fostering an ethical culture aimed at preventing fraud and corruption;
- detailing Council's approach to managing suspected fraud and corruption through risk management practices;
- providing guidance on how Council addresses any suspected cases of fraud or corruption; and
- ensuring well-defined internal responsibilities for fraud and corruption control.

Definition of Fraud

The Australian Standard AS 8001:2021 - Fraud and Corruption Control, defines 'fraud' as:

Dishonest activity causing actual or potential gain or 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.

The criminal definition of fraud is defined in section 408C of the *Criminal Code Act 1899*.

The risk of fraud may be:

- **Internal**, which involves actions taken by an employee or contractor of Council;
- **External**, which involves actions taken by a customer, an external service provider, or a third party; or
- **Complex**, which may involve collaboration or collusion among employees, contractors, and/or external service providers.

It is widely recognised that several factors must align for fraud to occur:

- **Opportunity**, which arises from weakness in internal controls, such as inadequate supervision or lack of separation of duties;
- **Pressure or motivation**, which may stem from unrealistic deadlines, performance expectations, misuse of authority by senior officers, or personal challenges (including financial difficulties, addictions, a desire for revenge, peer pressure, or the need to satisfy others);
- **Attitude** or rationalisation of behaviour, often influenced by a negative workplace culture (such as the mentality of “doing a favour”, “us versus them”, feeling entitled, or the belief that one is owed something, or working excessively without compensation); and
- **Capability**, which refers to an individual’s ability to commit fraud due to their position, intelligence, self-importance, coercive skills, or their capacity to deceive or manage stress.

Examples of Internal and External Fraud

Internal fraud examples	External fraud examples
<ul style="list-style-type: none"> • theft or stealing • unauthorised use/misuse of Council credit cards • paying claims for goods and services that were not delivered • using Council assets, equipment or facilities for personal or commercial purposes • providing false or misleading information to Council • using Council information or intellectual property to gain a personal advantage • using personal relationships to gain an advantage in recruitment/procurement processes • falsely recording work time to gain additional flexi-time or over-payment of wages • undeclared conflicts of interest by Councillors or Council employees 	<ul style="list-style-type: none"> • customers deliberately creating a liability / submitting a false claim (e.g. falsely claiming footpath quality-related accidents) • customers deliberately claiming benefits from Council programs that they are knowingly not eligible for • customers obtaining false identities or licences • customers making false declarations or fraudulently completing forms (e.g. statutory declarations) • Council suppliers knowingly providing a false invoice for payment • individuals creating a false vendor in order to request payment from Council for goods and/or services that were not provided • false application for grant or community funding • misuse of grant or community funding

Definition of Corruption

The Australian Standard AS 8001:2021 - Fraud and Corruption Control, defines ‘corruption’ as:

Dishonest activity in which a person associated with an organisation (e.g. director, executive, manager, employee, or contractor) acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can

also involve corrupt conduct by the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.

'Corrupt conduct' encompasses actions by any individual that fulfill the criteria outlined in section 15 of the *Crime and Corruption Act 2001*. Instances of corruption may also include elements of fraud or deceit.

Examples of corruption include:

- abuse of position (such as providing Council information to enable external fraud by others or making biased decisions);
- nepotism;
- bribery or the acceptance of benefits that could conflict with public responsibilities, and
- collusion for personal benefit.

For instance, if an official misuses their trusted position to gain an advantage or evade a disadvantage, thereby harming Council and/or its customers, this would constitute corruption.

Many forms of corruption are also classified as offences under the *Criminal Code Act 1899*, which includes offences such as extortion, abuse of office, unauthorised disclosure of official secrets, computer hacking, fraudulent claims, theft, issuing false certificates, receiving or soliciting secret commissions, forgery, and election fraud.

Statement of Council's Attitude to Fraud and Corruption

Council maintains a strict **zero-tolerance** attitude regarding fraud and corruption, treating all incidents with utmost seriousness. This stance aligns with Council's core values, the Employee Code of Conduct, and the Risk Appetite Statement.

The repercussions of fraud and corruption on both Council and the community can be profound. Such misconduct can hinder Council's ability to achieve its strategic objectives, maintain focus, and uphold its values.

Council Code of Conduct

Council's Values and Employee Code of Conduct outline the expected standards of behaviour for all employees in their interactions with customers and each other. These standards are in accordance with the public-sector ethics, which include:

- integrity and impartiality;
- promoting the public good;
- commitment to the system of government, and
- accountability and transparency.

The Code serves as a guide for ethical decision-making and establishes benchmarks for behaviours deemed unacceptable by Council. It is the duty of all employees to adhere to the Code's requirements.

During their induction, all new employees receive training on the Code of Conduct and are required to participate in refresher training sessions. The Code is accessible on Council's website and intranet, or a copy can be requested from any of Council's customer service centres.

Councillors are also obligated to follow the Code of Conduct for Councillors in Queensland and fulfil their related responsibilities.

Roles and Responsibilities

The responsibilities outlined in this framework and in the fraud and corruption control plan guarantee that both Councillors and all employees have a clear understanding of their respective roles.

Mayor and Councillors are responsible for:

- Adopting the Fraud and Corruption Control Policy along with a zero-tolerance appetite for fraud and corruption risk.

- Enhancing community awareness regarding Council's dedication to preventing fraud and corruption.
- Promoting awareness and adherence with Council's Code of Conduct.
- Supporting the Chief Executive Officer in implementing effective measures to prevention fraud and corruption.
- Reporting any suspected or confirmed instances of fraud or corrupt conduct in line with Council's Code of Conduct and [Public Interest Disclosure \(PID\) Policy](#).

The Chief Executive Officer is responsible for:

- Establishing and promoting the ethical standards of Council, serving as a role model for behaviour that reflects Council's values.
- Ensuring that Council maintains a comprehensive and up-to-date framework for fraud and corruption control, ensuring its effective execution.
- Receiving and assessing information regarding allegations and investigations related to suspected fraud and corruption, determining if they qualify as a public interest disclosure.
- Ensuring that Council reports any incidents of suspected corrupt conduct, and any material and reportable losses, to the relevant external agencies.
- Determining suitable disciplinary measures for employees implicated in fraud and corruption.
- Making decisions concerning restitution and the pursuit of criminal charges in all instances of fraud and corruption.

The Executive Leadership Team and Managers are responsible for:

- Supporting the CEO in establishing the ethical standards of Council and exemplifying behaviour that aligns with Council's values and Code of Conduct.
- Demonstrating ethical leadership in managing and promoting Council's enterprise risk management framework, as well as its fraud and corruption policies and procedures.
- Ensuring the effective and uniform application of relevant internal controls in line with the Fraud and Corruption Policy and Plan.
- Informing their teams about their responsibilities in implementing internal controls and in the prevention and detection of fraud and corruption.
- Identifying potential risks related to fraud and corruption and conducting fraud risk assessments as part of the overall business risk management strategy.
- Reviewing high, very high, and extreme fraud risks and providing recommendations for enhancing controls or implementing new ones.
- Developing or adjusting local work practices to mitigate the risk of fraud and corruption.
- Receiving reports of suspected fraud and corruption and subsequently reporting them.
- Ensuring the effective execution of Council's Public Interest Disclosure Policy.
- Promoting employee awareness and engagement in training initiatives.

Governance is responsible for:

- Developing and assessing the comprehensive Fraud and Corruption Framework to ensure it aligns with best practice and maintains consistency.
- Overseeing a biennial review of the fraud and corruption control framework or conducting reviews more frequently as necessary.
- Facilitating Council's fraud risk assessment process.
- Ensuring all operational sectors adopt effective risk management strategies, including the assessment of fraud and corruption risks.

- Collaborating with key stakeholders to devise strategies that promote an effective fraud and corruption control system.
- Organising and evaluating fraud and corruption awareness and training initiatives.
- Keeping Council's Fraud and Corruption Incident Register current and accurate.
- Managing initial reviews of all allegations or issues related to fraud and corruption.
- Coordinating investigations into alleged fraudulent or corrupt activities when necessary.
- Ensuring proper reporting to relevant external agencies and documenting all referrals or notifications.
- Assessing whether a matter may qualify as a public interest disclosure and reporting finding to the ELT and the Queensland Ombudsman.
- Analysing trends related to fraud and corruption and providing relevant reports to the ELT and Audit Committee.

All Council employees are responsible for:

- Understanding their responsibilities regarding fraud and corruption control.
- Implementing and adhering to applicable internal controls as outlined in the Plan.
- Reporting any suspected instances of fraud and corruption.
- Offering cooperation and support during any investigations.
- Identifying, documenting, and updating fraud and corruption risks in the Corporate Risk Register.
- Report any deficiencies or weakness in controls.
- Disclose any conflicts of interest, gifts, or benefits as required.

The Audit Committee is responsible for:

- Evaluating and overseeing the effectiveness of Council's fraud and corruption control framework.
- Assessing Council's exposure to fraud and corruption risks and recommend actions to enhance control mechanisms.
- Monitoring the internal audit function to ensure that audits address significant fraud and corruption risks and are conducted based on a risk-oriented approach.

Internal Audit is responsible for:

- Conducting audits and evaluations that measure the efficiency and effectiveness of Council's fraud and corruption control framework and internal controls, along with offering recommendations for any identified deficiencies and enhancements.

Awareness Raising Program of Fraud and Corruption Risk

All Council employees are required to adhere to the behavioural standards outlined in the [Code of Conduct](#). It is essential for employees to recognise that fraud is unacceptable and to be aware of the repercussions associated with fraudulent activities. Early identification and reporting of fraud and corruption are crucial, and employees should feel knowledgeable and confident in the reporting system.

Employees should be informed about:

- The definition of fraud
- Common types of fraud they may encounter and their associated responsibilities
- The process for reporting suspected fraudulent activities
- Their role in helping to eradicate fraud and corruption

Information regarding Council's fraud and corruption risk controls will be provided through the following means:

- New employees will receive a copy of the Employee [Code of Conduct](#) and the Fraud and Corruption Control Framework in their onboarding packets;
- A dedicated page on the Council intranet, “Reef Beat”, will be established to address fraud and corruption, featuring links to all pertinent documents, particularly the reporting procedures for allegations;
- Any significant updates to the framework or procedures will be communicated to all employees and Councillors.

Employee training

Awareness training will be conducted through the following initiatives:

- **Induction** – all newly appointed Councillors and employees will participate in an induction program that covers the Fraud and Corruption Control Framework as well as the Code of Conduct.
- **E-Learning** – training focused on the prevention of fraud and corruption will be provided through Council’s e-learning platform, which is mandatory for all employees.
- **Information Sharing** – Details regarding corruption prevention will be shared during management meetings, through newsletters, and in other internal publications.

Fraud and corruption reporting channels

Council has established a range of reporting channels that allow customers, employees, the public, and other entities to report suspected instances of fraud and corruption. Council strongly encourages employees and other stakeholders who have concerns or suspicions regarding fraudulent or corrupt activities to come forward and report them without delay. It is a requirement for employees to disclose any known or suspected cases of fraud and corruption.

An employee should report instances of suspected fraud or corruption to their Leader/Manager/Supervisor in the first instance.

Any allegation of fraud or corruption should be immediately referred to Council through the below channels:

- **Ethical Standards Unit** - ethicalstandardsunit@cairns.qld.gov.au.
- **Human Resources** – crhradvisors@cairns.qld.gov.au
- **Chief Executive Officer** – ceo@cairns.qld.gov.au
- **Governance** - complaints@cairns.qld.gov.au
- **Customer Service** – 1300 69 22 47 or council@cairns.qld.gov.au

If you have concerns about logging a complaint via the above channels you can log it directly with the Crime and Corruption Commission (CCC), the Queensland Police Service or the Queensland Ombudsman. Please be aware that these organisations may, depending on the severity of the concern or suspicion, may request that Council investigate the concerns themselves. Please note that your information will remain confidential.

Council recognises that the reporting of fraud and corruption is a sensitive issue (especially against work colleagues). To affirm the integrity of this function Council will, as far as practicable, ensure the confidentiality of information provided. Regardless of the reporting option exercised, Council will take all practical steps to protect the welfare of the person making the report.

Concerns and suspicions are to be reported as soon as possible, and once reported an employee should not attempt to investigate further. All matters reported to management will be treated confidentially

Whistle-blower Protection – Public Interest Disclosure (PID)

Council has established mechanisms to safeguard and actively support employees who report or intend to report wish to report suspected instances of fraud, corruption, or other forms of misconduct.

PIDs operate within a legislative framework (*Public Interest Disclosure Act 2010*) for the protected disclosure and investigation of serious wrongdoing within the public sector. Council has a [PID Policy](#) and a [PID administrative instruction](#) that govern the disclosure, receipt, assessment, investigation, and response to PIDs made to Council.

All employees are encouraged to utilise the designated reporting channels to report any suspected wrongdoing meeting the definition of a PID.

External Reporting Obligations

Council will report fraud and corruption matters to the following external agencies as appropriate:

- Crime and Corruption Commission;
- Queensland Audit Office;
- Office of the Independent Assessor;
- Queensland Ombudsman;
- Queensland Police Service; or
- Minister for Local Government.

Frivolous, Vexatious, misleading or false reporting

Council may decide to take no action or discontinue action taken to deal with a report or complaint about suspected fraud or corruption that is assessed as being frivolous or vexatious, lacking in substance or otherwise not made in good faith. Council will not tolerate any vexatious, intentionally misleading or false reporting of any allegation of fraud or corruption and there will be serious consequences to the person bringing about such an allegation.

Related Documents

Fraud Management Policy #1154763

Fraud and Corruption Control Plan #7688935

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This Administrative Instruction is to remain in force until otherwise determined by the Chief Executive Officer.

Director responsible for Review:

People & Organisational Performance

Originally Approved 22 September 2025

Current Approval 22 September 2025

Due for Revision 22 September 2027

Revoked/Suspended



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Ken Gouldthorp
CHIEF EXECUTIVE OFFICER