



**The Public Trustee**

# **Fraud and Corruption Control Policy**

November 2017

## Document Information

### Approved

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1.4	March 2014	ARMC	ARMC Review
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## 1. Purpose

The purpose of this policy is to set out how The Public Trustee (PT) aims to prevent fraud and corruption by mitigating the risk of potential fraud and corruption.

## 2. Application

This policy applies to all employees including temporary, full and part time employees. Contractors, including service and panel providers and consultants are also required to comply with this policy.

## 3. Policy statement

The PT is committed to maintaining a culture of honesty and integrity. We have in place processes that ensure the effective prevention, detection and mitigation of fraud and corruption.

The PT adopts a zero tolerance approach towards fraud and corruption in all activities.

## 4. Legislative and policy basis

- [Crime and Corruption Act 2001](#)
- [Public Service Act 2008](#)
- [Public Sector Ethics Act 1994](#)
- [Public Interest Disclosure Act 2010](#)
- [Criminal Code Act 1899](#)
- [Code of Conduct for the Queensland Public Service](#) (Code of Conduct)
- [Public Interest Disclosure Policy and Procedure](#)
- [Fraud and Corruption Control Procedure](#)
- [Fraud and Corruption Control Plan](#)
- [Complaints about the Public Official Policy](#)
- [Declaration of Interests Policy](#)
- [Reporting Corrupt Conduct Policy](#)
- [Risk Management Policy and Procedure](#)
- [Financial Management Practice Manual](#)
- Crime and Corruption Commission (CCC) [Corruption in focus: a guide to dealing with corrupt conduct in the Queensland public sector](#)

## 5. Principles

- The PT operates in an environment in which ethical conduct is expected, encouraged and supported, with zero tolerance for corrupt conduct and/or fraudulent activities.
- The PT will investigate and manage all reported cases of alleged fraud or corruption in accordance with the [Fraud and Corruption Control Procedure](#) and legislative requirements.
- The PT will ensure there are effective operational controls and procedures in place for the prevention and detection of corrupt and fraudulent activities, as detailed in our [Fraud and Corruption Control Plan](#) (FCCP).

- Employees are placed in a position of trust and are required to maintain and enhance public confidence in the integrity of the organisation and to advance the organisation's common good.

## **6. Policy Provisions**

### **6.1 Internal Controls**

#### **6.1.1 Fraud and Corruption Control Plan**

The Fraud Control Officer (FCO) will ensure the FCCP is developed and reviewed annually by the Audit and Risk Management Committee (ARMC).

The plan will outline action items and responsibilities for fraud control initiatives both of a general nature and in response to high level risks identified through fraud risk assessments.

#### **6.1.2 Fraud Awareness**

Fraud awareness will be promoted internally by a range of formal and informal means. The FCO will list proposed fraud awareness activities in the annual FCCP and will report on progress against those planned activities at each annual review of the plan.

Induction programs, online mandatory compliance training and management training will include awareness of fraud and corruption control.

Where appropriate fraud prevention initiatives will be promoted through communications to staff, as a standing agenda item at the Regional Managers' Conference (or other similar PT staff conference), and regular computer screensaver messages.

Informally managers are to promote awareness of fraud risk through group and team meetings. Participation of appropriate personnel in regular fraud risk assessment exercises will increase managers' awareness of their responsibilities to mitigate fraud and manage risk effectively.

The PT recognises that fraud awareness is an important component of fraud prevention.

#### **6.1.3 Fraud Detection**

Effective fraud detection will be achieved through a combination of vigilance on the part of employees and management, the internal control environment and confidence in fraud reporting mechanisms. It will also include:

- Use of internal audit resources for special reviews;
- Monitoring of the Complaints Management System;
- Specific detective controls for significant fraud risks outlined in the FCCP; and
- Periodic management reviews.

Systems to detect fraud should be cost effective and proportionate to the risk identified. In developing systems to detect fraud, managers should consider:

- Post transaction review controls (including exception reports on changes to high risk data, review of access logs and controls);
- Analysis of transactional data or data analytics for anomalies (including the use of computer assisted auditing techniques); and
- Scrutiny of variances in management accounts against budget and in year to year trends.

Managers should also assess other indicators relating to:

- Personal risks – leave accumulations, uncharacteristic lifestyle changes, sudden changes in behaviour;
- Cultural risks – performance pressure, attitudes to internal control;
- Structural risks – changes to corporate structure, supervision of remote locations;
- Business risks – changes to business strategy, corporate reputation; and
- Situational risks – involvement in activities with high level of inherent risk.

## **6.2 Fraud and Dishonesty Risk Management**

### **6.2.1 Regular Program of Fraud Risk Management**

Internal fraud risk management comprises a regular program of risk assessment and annual fraud and corruption control planning to ensure that controls are in place to prevent and detect any significant instances of fraud, promoting awareness of the risk of fraud and responding to instances of fraud in alignment with the PT values and the [Strategic Plan 2016-2020](#).

The program also includes the ongoing review and development of data analytics tools and reports to assist in the detection and prevention of fraudulent activities. Internal Audit & Evaluation completes specific procedures at nominated intervals.

### **6.2.2 Fraud Risk Assessment**

The FCO will ensure that fraud risks are included within overall internal risk assessment procedures.

Fraud risk will be identified through an assessment process consistent with *AS/NZS ISO 31000:2009, Risk management - Principles and guidelines*, addressing inherent risk and the likelihood and consequences of identified risks. Significant identified fraud risks will be included in FCCP.

### **6.2.3 Annual Business Unit Fraud Risk Assessments**

The FCO will ensure that managers undertake a specific fraud risk assessment exercise at least annually or in response to major business group changes and significant incidents. The annual review by each program is to be conducted in line with the timetable for the ARMC program review of the risk register.

The PT will conduct fraud risk assessments with the objective of identifying and describing fraud risks which will be included in the fraud risk register. There is no restriction as to how fraud risks are assessed. A facilitated or consultative workshop approach is preferred.

The workshop can be facilitated by either an internal risk management specialist or an external consultant specialising in fraud control. The workshop should include the following review activities:

- Review of current fraud risk register items for confirmation of risk assessments;
- Identification of any new fraud risks;
- Status of action plans in the existing FCCP and their impact on residual risks assessed;
- Changes to business processes and the environment in the period which may increase or mitigate the risk of fraud;
- Consideration of the results of internal reviews and issues identified;
- A detailed process review of at least one identified risk area on a rolling basis to ensure that high risk processes are reviewed in detail at least once every three years; any other

review highlighting weaknesses in comparable systems or processes in other agencies within the Queensland public sector, other states or the Commonwealth Government; and

- After each workshop the control environment and data analytics should be reviewed to confirm that there are sufficient preventative and detective controls in place to investigate identified fraud risks.

## 7. Roles and Responsibilities

Role	Responsibility
<b>The Public Trustee of Queensland</b>	<ul style="list-style-type: none"> <li>• To have established processes for fraud and corruption mitigation in the organisation.</li> <li>• To have established processes for dealing with fraud.</li> </ul>
<b>Fraud Control Officer (FCO)</b>	<ul style="list-style-type: none"> <li>• Preparing the annual FCCP;</li> <li>• Preparation and maintenance of the fraud risk register;</li> <li>• Receiving fraud and related loss reports and maintaining a Fraud Control Register of instances of suspected fraud or corruption;</li> <li>• Reporting significant fraud incidents to the Public Trustee of Queensland and Audit and Risk Management Committee (ARMC) as soon as practicable;</li> <li>• Ensuring there is an ongoing fraud awareness program;</li> <li>• Annual review of this policy;</li> <li>• Communication with managers and staff about their responsibilities for preventing, detecting and reporting fraud;</li> <li>• Establishing a time table within the planning process for managers to conduct annual fraud risk assessments in accordance with this policy;</li> <li>• Preparing an Annual Report for the ARMC on the management of internal fraud and corruption risk; and</li> <li>• Ensuring that suspected fraud is reported and responded to effectively in accordance with FCCP and this policy.</li> </ul>
<b>Audit and Risk Management Committee (ARMC)</b>	<ul style="list-style-type: none"> <li>• Assisting the Public Trustee of Queensland in fulfilling responsibilities relating to internal control arrangements;</li> <li>• Monitor corporate risk assessment and the adequacy of the internal controls established to manage identified risks;</li> <li>• At least annually, receive a report from the FCO on the management of internal fraud risk;</li> <li>• Reviewing the FCCP;</li> <li>• Endorsing the annual FCCP to the Public Trustee of Queensland; and</li> <li>• Receiving periodic fraud and related loss reports.</li> </ul>
<b>Senior and Executive Directors</b>	<ul style="list-style-type: none"> <li>• Oversee these systems to minimise fraud and dishonesty in their own area.</li> <li>• Implementing action plans contained in FCCP and conducting fraud risk assessments within their areas of responsibility.</li> </ul>
<b>Directors and Managers</b>	Ensuring these standards and controls are brought to the attention of

Role	Responsibility
	their employees.
<b>Employees</b>	Adherence to systems designed to promote high standards of ethical conduct and that contain internal controls that minimise the opportunity for fraud and dishonesty.

## 8. Policy review and evaluation

This policy will be reviewed by the FCO (Senior Director, Governance and Risk) annually and upon any relevant legislative changes.

## 9. References

This policy has been developed in line with the material set out below. Where there is any inconsistency between this policy and legislation, the legislative requirements will prevail.

Policy, Procedure or Reference	Location / Link
<ul style="list-style-type: none"> <li>Australian Auditing Standard – <i>ASA240 The Auditor’s Responsibilities relating to Fraud in an Audit of a Financial Report</i></li> <li>AS/NZS ISO 31000:2009, Risk management - Principles and guidelines</li> <li>Australian Standard AS8000 Series on Corporate Governance - AS8000:2003 - AS8004:2003</li> </ul>	<a href="http://www.auasb.gov.au/admin/file/content102/c3/ASA_240_Compiled_2015.pdf">http://www.auasb.gov.au/admin/file/content102/c3/ASA_240_Compiled_2015.pdf</a>  <a href="http://www.standards.org.au">http://www.standards.org.au</a>
Code of Conduct for the Queensland Public Service	<a href="https://www.premiers.qld.gov.au/publications/categories/policies-and-codes/code-of-conduct.aspx">https://www.premiers.qld.gov.au/publications/categories/policies-and-codes/code-of-conduct.aspx</a>
Commonwealth Resource Management Guide No. 201 – <i>Preventing, detecting and dealing with fraud</i>	<a href="https://www.ag.gov.au/CrimeAndCorruption/FraudControl/Documents/FraudGuidance.pdf">https://www.ag.gov.au/CrimeAndCorruption/FraudControl/Documents/FraudGuidance.pdf</a>
Crime & Corruption Commission - <i>Corruption in focus: A guide to dealing with corrupt conduct in the Queensland Public Service.</i>	<a href="http://www.ccc.qld.gov.au/corruption/information-for-the-public-sector/corruption-in-focus">http://www.ccc.qld.gov.au/corruption/information-for-the-public-sector/corruption-in-focus</a>
Financial Management Practice Manual (internal)	<a href="http://ptnet/Finance/Lists/Finance%20Management%20Practice%20Manual/AllItems.aspx">http://ptnet/Finance/Lists/Finance%20Management%20Practice%20Manual/AllItems.aspx</a>
Fraud and Corruption Control Plan	<a href="http://insite.pt.qld.gov.au/Corporate/GED/Pages/Policy-Register.aspx">http://insite.pt.qld.gov.au/Corporate/GED/Pages/Policy-Register.aspx</a>
Queensland Procurement Policy 2017	<a href="http://www.hpw.qld.gov.au/SiteCollectionDocuments/QLDProcurementPolicy.pdf">http://www.hpw.qld.gov.au/SiteCollectionDocuments/QLDProcurementPolicy.pdf</a>
Public Trustee Procurement Procedures	<a href="http://insite.pt.qld.gov.au/Corporate/Documents/PublicTrusteeProcurementProcedures2014.pdf">http://insite.pt.qld.gov.au/Corporate/Documents/PublicTrusteeProcurementProcedures2014.pdf</a>
Risk Management Procedures Guide	<a href="http://insite.pt.qld.gov.au/Corporate/GED/SiteAssets/Page/s/Policy-Register/RiskManagementProcedures2015.pdf">http://insite.pt.qld.gov.au/Corporate/GED/SiteAssets/Page/s/Policy-Register/RiskManagementProcedures2015.pdf</a>

## Legislation

<i>Crime and Corruption Act 2001</i>	<a href="https://www.legislation.qld.gov.au/browse/inforce">https://www.legislation.qld.gov.au/browse/inforce</a>
<i>Criminal Code Act 1899</i>	
<i>Financial and Performance Management Standard 2009</i>	
<i>Information Privacy Act 2009</i>	
<i>Public Interest Disclosure Act 2010</i>	
<i>Public Sector Ethics Act 1994</i>	
<i>Public Service Act 2008</i>	
<i>Public Trustee Act 1978</i>	

## 10. Definitions

Term	Definition
<b>Fraud</b>	<p>Fraud is defined at s408C <i>Criminal Code Act (Qld) 1899</i> and is a criminal offence that carries severe sanctions, including possible imprisonment.</p> <p>The PT has adopted a general definition of fraud based on the Commonwealth Resource Management Guide No. 201 – <i>Preventing, detecting and dealing with fraud</i>, Section 4.1: “<i>Dishonestly obtaining a benefit, or causing a loss, by deception or other means</i>”.</p> <p>Fraud means the use of deceitful or dishonest conduct by employees or members of the public against the PT or client interests:</p> <ul style="list-style-type: none"> <li>• To obtain advantage, financial or otherwise; and/or</li> <li>• To cause a loss to the PT or its clients.</li> </ul> <p>The key element which characterises improper conduct as fraudulent is dishonesty. Some examples of fraud are:</p> <ul style="list-style-type: none"> <li>• Theft or misuse of any PT or Client property;</li> <li>• Forgery or alteration of any document e.g. a cheque, a qualification, false invoicing, falsifying expense claims;</li> <li>• Destruction or removal of records;</li> <li>• Acceptance of goods and services as an inducement to giving work to any supplier;</li> <li>• Disclosing confidential information to outside parties without authority for personal gain;</li> <li>• Dishonest use of government assets and facilities for personal use;</li> <li>• Collusive bidding, Insider Trading or Credit Card fraud;</li> <li>• Theft of cash and negotiable instruments;</li> <li>• Diversion of funds though electronic banking;</li> <li>• False Accounting, Material and deliberate misstatement of accounting information;</li> <li>• Overcharging for goods and services; and</li> <li>• Recording credits for goods and services provided and refunding for</li> </ul>

Term	Definition
	personal benefit.
<b>Corrupt Conduct</b>	<p>Defined at s15 <i>Crime and Corruption Act 2001</i>.</p> <p>(1) <b>Corrupt conduct</b> means conduct of a person, regardless of whether the person holds or held an appointment, that—</p> <p>(a) adversely affects, or could adversely affect, directly or indirectly, the performance of functions or the exercise of powers of—</p> <p style="padding-left: 40px;">(i) a unit of public administration; or</p> <p style="padding-left: 40px;">(ii) a person holding an appointment; and</p> <p>(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—</p> <p style="padding-left: 40px;">(i) is not honest or is not impartial; or</p> <p style="padding-left: 40px;">(ii) involves a breach of the trust placed in a person holding an appointment, either knowingly or recklessly; or</p> <p style="padding-left: 40px;">(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; and</p> <p>(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</p> <p>(d) would, if proved, be—</p> <p style="padding-left: 40px;">(i) a criminal offence; or</p> <p style="padding-left: 40px;">(ii) a disciplinary breach providing reasonable grounds for terminating the person’s services, if the person is or were the holder of an appointment.</p> <p>(2) Without limiting subsection (1), conduct that involves any of the following could be corrupt conduct under subsection (1)—</p> <p>(a) abuse of public office;</p> <p>(b) bribery, including bribery relating to an election;</p> <p>(c) extortion;</p> <p>(d) obtaining or offering a secret commission;</p> <p>(e) fraud;</p> <p>(f) stealing;</p> <p>(g) forgery;</p> <p>(h) perverting the course of justice;</p> <p>(i) an offence relating to an electoral donation;</p> <p>(j) loss of revenue of the State;</p> <p>(k) sedition;</p> <p>(l) homicide, serious assault or assault occasioning bodily harm or grievous bodily harm;</p> <p>(m) obtaining a financial benefit from procuring prostitution or from unlawful prostitution engaged in by another person;</p>

Term	Definition
	(n) illegal drug trafficking; (o) illegal gambling.
<b>Corruption</b>	<p>The term corruption involves improper personal gain by a person as a result of their dishonesty.</p> <p>Corruption by a public official may constitute corrupt conduct under s15 CC Act.</p> <p>Corruption under the CC Act means <i>corrupt conduct or police misconduct</i>.</p> <p>The Australian Standard on Fraud and Corruption Control defines corruption as dishonest activity in which a Director, Executive, Manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.</p>
<b>Maladministration</b>	<p>Defined in the <i>Public Interest Disclosure Act 2010</i>,</p> <p><i>Maladministration</i> is administrative action that—</p> <ul style="list-style-type: none"> <li>a) was taken contrary to law; or</li> <li>b) was unreasonable, unjust, oppressive, or improperly discriminatory; or</li> <li>c) was in accordance with a rule of law or a provision of an Act or a practice that is or may be unreasonable, unjust, oppressive, or improperly discriminatory in the particular circumstances; or</li> <li>d) was taken – <ul style="list-style-type: none"> <li>i for an improper purpose; or</li> <li>ii on irrelevant grounds; or</li> <li>iii having regard to irrelevant considerations; or</li> </ul> </li> <li>e) was an action for which reasons should have been given, but were not given; or</li> <li>f) was based wholly or partly on a mistake of law or fact; or</li> <li>g) was wrong.</li> </ul>

## 11. Acronyms

ARMC	Audit and Risk Management Committee
CCC	Crime and Corruption Commission
FCCP	Fraud and Corruption Control Plan
FCO	Fraud Control Officer
PT	Public Trustee (the agency)