Fraud Control Plan

Team/Directorate	Risk and Compliance
Approved/Adopted by	Council, 27 June 2024
Effective date	1 July 2024
Next review	30 June 2025

1. BACKGROUND

The operational, financial, social and reputational impact of fraud on our organisation, and the people it supports, can be significant. For these reasons, QLDC takes a no tolerance approach to fraud. To demonstrate this commitment, the Council has developed:

- A Fraud Policy to support an effective control environment which will discourage fraud, facilitate its detection and ensure the timely reporting and investigation of potential fraud and corruption.
- A Protected Disclosures (Protection of Whistleblower) Policy to facilitate the disclosure and investigation of serious wrongdoing in the workplace, and to provide protection for employees and other workers who report serious concerns.
- A Fraud Control Plan (this plan) that supports the principles outlined in the Fraud Policy by establishing key activities to mitigate fraud risk.

2. PURPOSE

The Fraud Control Plan is an operational document that supports the principles outlined in the Fraud Policy by establishing key activities to mitigate fraud and corruption risk. The Fraud Control Plan details Council's controls to prevent fraud through promotion, training, monitoring, vigilant practices, and clear expectations of behaviour.

3. DEFINITIONS

Fraud	Defined in the Fraud Policy.
Fraud 'red flags'	Indicators or warning signs that suggest the possibility of fraud or suspicious activity within an organisation, or an identified lack of controls that identify, mitigate or prevent potential fraud.

4. APPLICATION OF FRAUD PLAN

The key activities for each fraud control objective within the Council are detailed in the below sections. These activities will be monitored by the Internal Assurance Lead on an annual basis, to ensure their continued operation and reported to the Senior Leadership Team and Assurance, Finance and Risk Committee.

4.1 PREVENTING FRAUD

This stage details the frameworks, systems and processes in place to promote and support the prevention of fraud.

Objective	Mechanism / Key Activities	Oversight	Timeline
Endorsement and promotion of Fraud Policy and Plan	Senior Leadership Team endorse and promote the obligations of the Fraud Policy ensuring employee awareness on an ongoing basis.	Senior Leadership Team	Ongoing
Development and maintenance of sound ethical culture	The Council's expectations around ethical conduct are clearly outlined in the employee Code of Conduct.	People & Capability	Ongoing
Employee education and awareness	Fraud awareness sessions are provided as part of the employee induction program to all new starters and then on an ongoing basis as a refresher campaign which should include, but not be limited to: ○ General awareness of the significance of fraud and their potential impacts on the organisation. ○ Awareness of the Council Fraud Policy. ○ An understanding of what might constitute fraud. ○ Awareness of the Council Protected Disclosures (Protection of Whistleblowers) Policy, which defines the ways in which they can report allegations or concerns regarding alleged fraud or alleged unethical conduct. Employee attendance records to be maintained.	People & Capability / Internal Assurance Lead	Ongoing
	Updates and changes to fraud related policies and procedures and other ethical pronouncements are effectively communicated to all employees.	People & Capability / Internal Assurance Lead	As required
Implement a Fraud Risk Assessment program	Fraud risks identified, analysed, evaluated and treated on a regular basis in accordance with the Risk Management Policy, with input from managers and Internal Assurance.	Risk & Compliance Manager	Quarterly
Conduct Employment screening	As part of the recruitment process, pre-employment screenings are conducted in accordance with the Council's policy on pre-employment checks for prospective appointees which includes employment, qualifications, credit, criminal history and reference checks which can help identify potential issues and factors that may be indicative of fraud risk, such as prior criminal convictions for dishonesty.	People & Capability	Ongoing
Prevention of Third-party fraud	Contractors and suppliers are subjected to a due diligence process through which the credentials of the new suppliers are checked during the initial negotiation stages, and which are confirmed periodically thereafter.	Finance	Ongoing
Declaration of conflicts of interest	Employees are made aware of the need to declare any conflicts of interest in accordance with the Conflict-of-Interest policy. The Conflict-of-Interest Register is maintained, reviewed, and updated as required .	People & Capability	Quarterly

4.2 DETECTING FRAUD

The following mechanisms/activities aim to detect fraud practices where preventative mechanisms are unsuccessful.

Objective	Mechanism / Key Activities	Oversight	Timeline
To provide clear avenues for internal & external reporting of potential or actual fraud	Employee are made aware of the Council Protected Disclosures (Protection of Whistleblowers) Policy, which defines the fraud response procedure which outlines the reporting / notification methods available to internal and external parties.	People & Capability / Internal Assurance Lead	Ongoing
To maintain a sound system of Internal Controls	Fraud controls are identified through fraud risk management and control effectiveness testing is undertaken to validate the operation of those critical fraud controls. The fraud risk profile is considered when developing the risk based annual internal audit plan. An independent Internal Audit function uses a variety of methodologies to detect and investigate fraud red flags. This includes: ○ Auditing Council's fraud management controls, including policies, procedures, training and awareness practices, culture and governance, risk management and assessment practices. ○ Considering fraud as part of each internal audit engagement performed including known fraud risks but also brainstorming, researching, and benchmarking to identify areas that may not have been otherwise identified. ○ Post transaction reviews by using data analytic tools and programs to detect any unusual transactional behaviour or pattern which might highlight fraudulent activity or non-compliance with Council policies and procedures.	Internal Assurance Lead	Ongoing
To provide assurance that financial statements are free of fraudulent reporting	External audit is responsible for conducting the audit of the Council's financial statements, obtaining reasonable assurance about whether the financial statements are free of material misstatement and whether the misstatements were caused by error or fraud.	Finance	Annually

4.3 RESPONDING TO FRAUD 'RED FLAGS'

The following systems and processes respond to fraud 'red flags'.

Objective	Mechanism / Key Activities	Oversight	Timeline
To ensure that appropriate investigations are performed	The Council's fraud response procedure is communicated to employees at the point of induction, which outlines the investigation procedure following the notification / reporting of fraud allegation and communication protocols if fraud against Council is detected.	People & Capability / Internal Assurance Lead	Ongoing
To ensure appropriate register and records are maintained	All reported fraud 'red flags' are recorded and documented. The record will include details and dates of the 'red flags', details of any person involved, value, details of the investigation undertaken, outcome of investigation and any policy or procedure amended as a result.	Internal Assurance Lead	As required
To ensure that the processes and internal controls are reassessed post fraud investigation	Internal controls, policies and procedures are reviewed considering recent risk incidents and in response to recommendations made by investigators, internal or external audit.	Internal Assurance Lead	Dependent on fraud investigation recommendations

To ensure appropriate communication protocols are followed	Appropriate reporting channels and methods are applied in the case of the identification of a fraud 'red flag', in accordance with the 'fraud red flag investigation plan'.	Internal Assurance Lead	Ongoing