

Fraud and corruption prevention policy

Version Control

Version	Date	Comments
1	Dec 2016	Policy updated. Previous reference: ISU:PY:2015:16
1	Dec 2016	Policy approved
2	July 2019	Policy updated. Previous reference: ISU:PY:2016:41

1 Purpose

The purpose of this policy is to ensure high standards of professional conduct and honest and ethical business practices within the Department of Housing and Public Works (the department) and for those parties acting on behalf of or engaging with the department.

This policy is part of the department’s [Integrity Framework](#) and should be read in conjunction with the [Prevention and Management of Corrupt Conduct and Public Interest Disclosure Policy and Procedure](#).

This policy applies to all employees and contractors working for the department regardless of whether they are permanent, temporary, full-time, part-time or casual employees, students, volunteers and/or on secondment from another department. For the purposes of this policy, the term contractor includes on-hired temporary labour services (agency staff) and sub-contractors.

2 Policy statement

Fraud and corruption have the potential to cause significant financial, reputational and service delivery harm to the department. These forms of wrongdoing also have a potential to diminish or damage community confidence in the department.

Accordingly the department has zero tolerance towards fraud and corruption. This is reflected in the department’s [Risk Appetite Statement](#).

The department is committed to effectively preventing, detecting and responding to incidents or threats of fraud and corruption, both internal and external, including through:

PREVENTION	<ul style="list-style-type: none"> actively fostering a robust integrity framework to maintain a strong ethical culture implementing effective departmental wide anti-fraud and anti-corruption policies senior management commitment to reducing the risk of fraud and corruption Line managers taking responsibility for preventing, detecting and responding to instances of fraud and corruption in their areas employees undergoing criminal history checks on commencement in new roles whether permanent or temporary for three or more months
	<ul style="list-style-type: none"> training employees in the requirements of the Code of Conduct for the Queensland Public Service implementing other education and awareness initiatives aimed at maintaining continued high standards of professional and ethical conduct publicly communicating that the department is committed to high standards of professional conduct and honest and ethical business practices
DETECTION	<ul style="list-style-type: none"> undertaking formal quarterly reviews to assess fraud and corruption risks contained in operational risk registers implementing appropriate internal controls which address the department’s operating environment and specific risks encouraging the internal and external reporting of suspected wrongdoing strategically using information systems to detect suspected fraud

RESPONSE	<ul style="list-style-type: none"> • effectively assessing and dealing with suspected wrongdoing • supporting persons who make a Public Interest Disclosure (PID) • external reporting to regulatory entities, such as the Crime and Corruption Commission, the Queensland Police Service and the Queensland Audit Office pursuant to legislative requirements • taking appropriate management action in respect to substantiated fraud and corruption including: <ul style="list-style-type: none"> – applying a disciplinary process which may result in termination of employment – referral of matters to the Queensland Police Service – de-registering suppliers so they are unable to perform work for the department – pursuing the recovery of losses – implementing action to prevent reoccurrence
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3 Responsibilities

3.1 Director-General

The Director-General is responsible for:

- ensuring that the department has appropriate policy, employee training and awareness initiatives and other control systems in place to prevent, detect and effectively manage incidents of fraud and corruption
- visibly promoting and communicating both within the department and externally, that high standards of professional conduct and honest and ethical business practices are expected and required by the department
- encouraging the reporting of suspected wrongdoing
- ensuring appropriate action is taken with respect to proven incidents of fraud and corruption.

3.2 Executive Leadership Team

The Executive Leadership Team is responsible for:

- forming a view as to the appropriateness of the department’s internal controls
- periodically reviewing complaint information (which includes complaints of fraud and corruption)
- considering fraud and corruption risk and control issues for the department
- taking appropriate action to prevent and minimise instances of fraud and corruption including noting assessment of fraud and corruption risk has been undertaken as a part of the formal quarterly review of operational risk registers.

3.3 Assistant Director-General Corporate Services

The Assistant Director-General Corporate Services is responsible for:

- promoting and communicating the requirements of the Fraud and corruption prevention policy
- managing incidents of fraud and corruption which may constitute suspected corrupt conduct or a PID in accordance with departmental policy and legislative requirements
- ensuring that fraud and corruption risk management is integrated into departmental risk management processes.

3.4 Chief Human Resources Officer

The Chief Human Resources Officer is responsible for coordinating the effective implementation of departmental wide education and training initiatives about public sector ethics, including the Code of Conduct for the Queensland Public Service.

3.5 Divisional Heads

Divisional Heads are responsible for:

- forming a view around the effectiveness of internal controls operating in their division
- reviewing business area fraud and corruption risk assessments to ensure risk is being managed appropriately on an annual basis at a minimum, and
- checking for patterns of fraud and corruption risk across the division, identifying divisional opportunities to reduce fraud and corruption risk and identifying high level risks (or other matters) that should be brought to the attention of the department's Executive Leadership Team
- ensuring that recommendations e.g. those arising from audits and investigations are treated as a priority and actioned in a timely manner
- ensuring timely reports are made to the Integrity Services Unit and Internal Audit Unit on the status of management action.

3.6 Business Area Heads

Business area heads are responsible for:

- ensuring fraud and corruption risk assessment is conducted within the business area
- ensuring effective internal controls are in place within the business area to prevent and detect fraudulent and corrupt activities
- reviewing control systems in accordance with risk owner assurance statements on a quarterly basis to ensure they remain robust and relevant
- educating on the requirement to report suspected wrongdoing
- ensuring new employees attend induction
- ensuring all employees undertake department mandated training initiatives about public sector ethics, including the Code of Conduct for the Queensland Public Service
- implementing appropriate awareness initiatives so employees, contractors, consultants and others have an awareness of integrity requirements, can effectively contribute to the detection of fraud and corruption and know how to report suspected wrongdoing
- ensuring appropriate and timely action is taken with respect to proven incidents of fraud and corruption.

3.7 Integrity Services Unit

The Integrity Services Unit is responsible for:

- maintaining the Fraud and corruption prevention policy and Fraud and corruption control plan
- developing corrupt conduct and misconduct prevention awareness information
- reporting complaint information (which includes complaints of fraud and corruption) on a periodic basis to the Executive Leadership Team and to divisional heads
- coordinating all required regulatory reporting regarding fraud and corruption
- managing incidents of fraud and corruption which may constitute suspected corrupt conduct or a PID in accordance with departmental policy and regulatory requirements.

3.8 Internal Audit Unit

The Internal Audit Unit is responsible for:

- assessing the adequacy of internal controls within business areas as part of routine auditing activity and making recommendations to improve the effectiveness of key controls where required
- coordinating the development of data analytics programs to detect fraud and corruption
- providing advice to business areas in relation to preventing and detecting fraud and corruption.

3.9 Other departmental managers

Other departmental managers are responsible for:

- ensuring effective internal controls are in place to prevent fraud and corruption
- regularly reviewing control systems to ensure they remain robust and relevant
- ensuring criminal history screening is being conducted on all persons prior to being engaged to perform relevant duties when the period of engagement will exceed three (3) months
- educating on the requirement to report suspected wrongdoing
- implementing appropriate awareness initiatives for employees so they are aware of integrity requirements, can effectively contribute to the detection of fraud and corruption and know how to report suspected wrongdoing
- monitoring behaviours and assessing any potential local fraud and corruption risks
- ensuring appropriate action is taken with respect to proven incidents of fraud and corruption.

3.10 All persons working for and with the department

All persons working for and with the department are responsible for:

- being alert to the possibility that fraud and corruption may occur in their business area as both internal and external threats
- diligently implementing controls to protect the department's information and assets
- immediately reporting suspected fraud and corruption – IN CONFIDENCE – to:
 - the Director-General or
 - the Assistant Director-General, Corporate Services or
 - the Integrity Services Unit or
 - a departmental supervisor/manager or
 - the Crime and Corruption Commission
- undertaking department mandated training initiatives about public sector ethics.

To be clear, this policy assigns a responsibility to every person working for or with the department to take appropriate action to prevent fraud and corruption and report suspected fraud and corruption of which they become aware.

4 Delegations

N/A

5 Reporting requirements

The Assistant Director-General, Corporate Services and the Integrity Services Unit are responsible for reporting instances of fraud and corruption to external agencies (such as the Crime and Corruption Commission, the Queensland Police Service and the Queensland Audit Office) pursuant to legislative and other regulatory requirements.

6 Approval

Approved by Robyn Turbit

Assistant Director-General, Corporate Services
Delegate of the Director-General

Date: 1 July 2019

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Attachment 1: Contacts

Director-General

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Brisbane Qld 4001
Telephone (07) 3008 2936
Facsimile (07) 3224 5616

Assistant Director-General, Corporate Services (CCC Liaison Officer)

Department of Housing and Public Works
Level 2, 60 Albert Street
Brisbane Qld 4000
GPO Box 2457
Brisbane Qld 4001
Telephone (07) 3008 2900

Director, Integrity Services Unit

Department of Housing and Public Works
Level 14, 41 George Street
Brisbane Qld 4000
GPO Box 2457
Brisbane Qld 4001
Telephone (07) 3008 2924

Crime and Corruption Commission

Complaints Section
Level 2, North Tower Green Square
515 St Pauls Terrace
Fortitude Valley Q 4006
GPO Box 3123
Brisbane Qld 4001
Telephone (07) 3360 6060
Facsimile (07) 3360 6333
Toll Free 1800 061 611 – outside Brisbane, within Queensland
www.ccc.qld.gov.au

Attachment 2: Definitions

Term	Description
All persons working for and with the department	Means any Department of Housing and Public Works (the department) employee whether permanent, temporary, full-time, part-time or casual and any volunteer, student, contractor, consultant or anyone who works in any other capacity for the department.
Corrupt conduct	<p>Has a specific meaning under the Crime and Corruption Act 2001 (Qld). It means conduct of a person, regardless of whether the person holds or held an appointment, that:</p> <ul style="list-style-type: none"> a. adversely affects, or could adversely affect, directly or indirectly, the performance of functions or the exercise of powers of— <ul style="list-style-type: none"> (i) a unit of public administration; or (ii) a person holding an appointment; and b. results, or could result, directly or indirectly, in the performance of functions or the exercise of powers mentioned in (a) in a way that— <ul style="list-style-type: none"> (i) is not honest or is not impartial; or (ii) involves a breach of the trust placed in a person holding an appointment, either knowingly or recklessly; or (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 c. would, if proved, be: <ul style="list-style-type: none"> (i) a criminal offence; or (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>Corrupt conduct also means conduct of a person, regardless of whether the person holds or held an appointment, that</p> <ul style="list-style-type: none"> a. impairs, or could impair, public confidence in public administration; and b. involves, or could involve, any of the following – <ul style="list-style-type: none"> (i) collusive tendering (ii) fraudulent applications for licences, permits and other authorities under an Act necessary to protect – <ul style="list-style-type: none"> a) the health and safety of persons b) the environment c) the use of the State's natural resources (iii) dishonestly obtaining benefits from the payment or application of public funds or the disposition of state assets evading State taxes, levies, duties or fraudulently causing a loss of State revenue (iv) fraudulently obtaining or retaining an appointment; and c. would be: <ul style="list-style-type: none"> (i) a criminal offence

	<p>(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>Corrupt conduct can be attributed to any person, regardless of whether or not they are employed in the department, including:</p> <ul style="list-style-type: none"> • employees • people who used to but no longer work in the department • people who subsequently take up an appointment in the department • people who are suppliers or providers to the department • other private individuals or organisations • people outside Queensland where there is a direct link between the conduct and its adverse effect on the department)¹ <p>Refer to Prevention and Management of Corrupt Conduct and Public Interest Disclosure Policy and Procedure for further information</p>
Corruption	Corruption involves conduct such as neglect, failure and inaction or conspiracy to engage in conduct, or an attempt to engage in conduct which affects or could affect how officers perform their functions or exercise their powers, or involves conduct that impairs or could impair public confidence in public administration.
Departmental employees	Means all officers and employees of the department, whether their employment status is permanent, temporary, contract, casual, volunteer, student and/or on secondment from another department.
Divisional Heads	Means all Deputy Directors-General, the Assistant Director-General, Corporate Services and the Queensland Government Chief Information Officer.
Fraud	Refers to an intentional dishonest act or omission done with the intent of deceiving. It may have the object of obtaining a benefit for some person or causing a detriment.
Proper authority	In respect of a public interest disclosure means: <ul style="list-style-type: none"> (a) a public sector entity or (b) a Member of the Legislative Assembly.

¹ "Corruption in focus: A guide to dealing with corrupt conduct in the Queensland public sector", Crime and Corruption Commission, July 2014, page 1.3.

Attachment 3: References

The requirements set out in this document are based on, and are consistent with, relevant Government legislation, regulations, directives, information standards and/or policies at the time of publication.

Legislation and regulations

[Criminal Code Act 1899 \(Qld\)](#) (Sections: 408C, 441, 442, 442B, 442BA)

[Crime and Corruption Act 2001 \(Qld\)](#)

[Financial Accountability Act 2009 \(Qld\)](#)

[Financial and Performance Management Standard 2009 \(Qld\)](#)

[Public Interest Disclosure Act 2010 \(Qld\)](#)

[Public Sector Ethics Act 1994 \(Qld\)](#)

[Public Service Act 2008 \(Qld\)](#)

Queensland Government documents

[Code of Conduct for the Queensland Public Service](#)

[Financial Accountability Handbook](#)

Legal protections for Queensland Government employees, [indemnity guideline](#)

[Corruption in focus: A guide to dealing with corrupt conduct in the Queensland public sector](#), Crime and Corruption Commission, March 2019

Department of Housing and Public Works documents

[Corporate purchasing cards policy](#)

[Delegations](#)

[Discipline policy](#)

[Entertainment and hospitality policy and procedure](#)

[Financial management practice manual](#)

[Fraud and corruption control plan](#)

[Gifts and benefits policy](#)

[Intellectual property policy](#)

[Prevention and management of corrupt conduct and public interest disclosure policy and procedure](#)

[Risk management policy](#)

[Risk appetite statement](#)

[Sponsorship policy and procedure](#)

Other Resources

Australian Standard 8001—2008 Fraud and corruption control (access via the department's [Library and Information Centre](#))

Attachment 4: Examples of types of fraud and corruption

Human Resources

- A job applicant uses false credentials or documents e.g. a false work history or qualifications to obtain employment.
- A member of a selection panel does not disclose a relationship with the applicant, so as to favour the applicant.
- Timesheets are falsified to claim time or payments.
- Medical certificates are falsified to obtain time off work.
- Job statements or official documentation is falsified to conceal absence from duty.
- An employee makes false calls to generate call outs and overtime.
- False workers' compensation claims are made.
- "Phantom" employees are placed on the payroll with salaries diverted to an employee's own bank account.
- Former employees continue to receive departmental payments and do not disclose this.
- An employee impersonates a supervisor e.g. to direct a contractor to perform work at their private residence.

Procurement

- Documents are falsified to obtain approval for payment.
- Signatures are forged on payment approval documentation.
- False invoices from bogus or actual suppliers are submitted for payment.
- A panel member does not disclose a relationship with an offeror, so as to favour the offeror.
- Kickbacks are provided to an employee on a procurement panel for a favourable assessment.
- Bid rigging (i.e. prior to submitting bids, suppliers arrange who will win the tender and at what price).
- Price fixing (i.e. suppliers agree on a pricing structure for goods and services).

Assets (including technology and information)

- Using others' passwords to payment systems and making payments to a personal bank account.
- An employee takes an asset home falsely claiming it is not working and needs to be disposed of.
- A property is purchased at a higher than market value in exchange for a kickback.
- Falsification of departmental vehicle logs to conceal private use.
- Accessing government systems to view personal information of the community and/or government employees.

Finance

- Stealing funds by diverting to a bogus account which appears to be a genuine payee.
- False payment instruction is created, with forged signatures.
- Some cash is taken before (cash) receivables are recorded.
- Improper revenue recognition e.g. recording false sales, over/under estimating percentage of work completed on long-term contracts.
- Orders are split to avoid delegation limits.
- False statements e.g. to conceal losses, inflate the value of receivables, provide false stock counts.
- Travel is undertaken for predominantly personal purposes but recorded as official travel.
- Failure to report gift or deliberately underestimating value of gift reported.

Licensing and Regulatory functions

- A person is given a licence in exchange for a kickback.

Allocation-based functions

- A person provides false statements to increase their eligibility rating for housing accommodation.
- A person gives an officer a bribe to allocate housing to them.
- An employee completes a false assessment in order to give their friend housing over other applicants.

Other

- A supervisor falsely reports that work by a contractor has been completed to a satisfactory standard, in return for a kickback from the contractor.

Attachment 5: Areas of perceived high fraud and corruption risk in the public sector

The former CMC survey *Profiling the Queensland public sector* outlines operational areas and functions perceived to have high fraud and corruption risk, including:

<i>financial functions</i>	such as the receipt of cash, revenue collection and payment systems, salaries and allowances, entertainment expenses
<i>construction, development and planning functions</i>	ranging from land rezoning or development applications to construction and building activities
<i>regulatory functions</i>	involving the inspection, regulation or monitoring of facilities; and operational practices, including the issue of fines or other sanctions
<i>licensing functions</i>	such as the issue of qualifications or licences to indicate proficiency or enable the performance of certain activities
<i>demand-driven or allocation-based functions</i>	where demand often exceeds supply, including the allocation of services or grants of public funds; or the provision of subsidies, financial assistance, concessions or other relief
<i>procurement and purchasing functions</i>	including e-commerce activities, tendering, contract management and administration
<i>other functions</i>	involving the exercise of discretion, or where there are regular dealings between public sector and private sector personnel (especially operations that are remotely based or have minimal supervision)

[*Profiling the Queensland public sector*, Crime and Misconduct Commission, June 2004 reported in Fraud and Corruption Control guidelines for best practice Crime and Misconduct Commission, March 2005, p15]

Attachment 6: Identifying fraud and corruption risks

A complete identification of fraud and corruption risk exposure comes from a thorough search for all potential risks. The broader the range of stakeholders involved in this process the more likely it is that all potential risks will be identified.

To identify fraud and corruption risks consider the following questions:

- how could fraud and corruption occur?
- what circumstances or events could cause this?
- what would be the impact or consequence?

Sources of information which can be used to identify fraud and corruption risks include:

(i) Contextual information

For example:

- the current goals and strategies of the business area
- main business activities and processes
- organisational levels and locations e.g. depot vs. head office, remote location vs. central business district
- major cost or revenue items
- services that are contracted out for delivery (how do we assess the work is performed as per the specification)
- significant things happening in the business area's environment
- risks and issues identified in audit reports
- reasons for material losses (recorded in the Material Losses Register)
- circumstances of officers being offered or receiving gifts and benefits (recorded in the Gifts and Benefits Register)
- feedback from stakeholders e.g. divisional heads, client agencies, Queensland Audit Office

(ii) Past instances of fraud and corruption in the department

Types of fraud and corruption experienced by the department have included:

- misappropriation e.g. changing account details on a departmental system to deposit funds into a personal account
- falsifying official documents e.g. purposely recording inaccuracies on a timesheet to obtain a benefit, falsely claiming for overtime, falsifying medical certificates to obtain paid sick leave
- collusion e.g. employees colluding with a contractor to approve invoices (knowing that the work had not been undertaken) in return for kickbacks from the contractor

(iii) Areas of perceived high fraud and corruption risk in the public sector

Refer to Attachment 5

Attachment 7: Indicators of fraud and corruption

There are a number of indicators or "red flags" which may indicate fraudulent or corrupt conduct. To be clear, these indicators, as set out below, are not definitive evidence of fraud. However, in the relevant circumstances they may indicate fraud. If further information is required or there is a suspicion of fraud or corruption contact the department's Integrity Services Unit (telephone 3008 2924).

Behavioural Red flags

- Employees who consistently work longer hours than their work mates, where there is no apparent reason.
- Employees who infrequently or don't take time off or holidays.
- Employees who attempt to hide their work or are very secretive about the work they're doing.
- Employees who are stressed for personal reasons.
- Employees who seem significantly stressed for no apparent reason.
- Employees who are under significant personal financial pressure.
- Employees who suddenly have a significant lifestyle change.
- Employees who are subject to consistent complaints.
- Employees who are consistently breaking the rules.
- Employees who are reluctant to provide information, delay providing information or provide different information (e.g. explanations) to different people.
- Employees who request that internal audits are delayed so they have adequate time to "prepare".
- Employees who request a significant level of information about proposed internal audit scopes.
- Employees who predominantly use the one supplier.
- Employees who don't adhere to procurement procedures.

Financial Red flags

- Cash only transactions
- Higher than normal costs which are not readily explainable
- Large volume of refunds
- Unusually large inventories
- Unusual transactions (even if only for small amounts)
- Employees who make a higher than normal number of mistakes, especially where these lead to a loss
- Employees with unexplained sources of wealth
- Employees who have competing personal business interests
- Employees who submit inconsistent and/or unreasonable expense claims.

Procedural Red flags

- Employees who make procedural or system enquiries which are not related to their duties.
- Prospective employees who provide incomplete, inaccurate or inconsistent information.
- Employees who excessively micro-manage.
- Insufficient oversight/audit applied.
- Suppliers who insist on dealing with just one employee.
- Lack of transparency.
- Too much delegation without proper review procedures.

Information sourced from "Fraud Facts - An introduction to fraud indicators", Issue 14 November 2011, Fraud Advisory Panel © Fraud Advisory Panel 2011 at: <https://www.fraudadvisorypanel.org/wp-content/uploads/2015/04/Fraud-Facts-14B-Fraud-Indicators-Nov11.pdf>