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<b>POLICY TITLE:</b>	Fraud Investigation Procedure
<b>POLICY NUMBER:</b>	117
<b>REVISION NUMBER:</b>	1
<b>TRIM REFERENCE:</b>	SF14/411 - R16/4771
<b>RESOLUTION NUMBER:</b>	1094
<b>PROCEDURE TYPE:</b>	Statutory
<b>APPROVING OFFICER:</b>	Chief Executive Officer
<b>DATE OF ADOPTION:</b>	19 January 2017
<b>TIME PERIOD OF REVIEW:</b>	Annually
<b>DATE OF NEXT REVIEW:</b>	19 January 2018
<b>RESPONSIBLE DEPARTMENT:</b>	Governance
<b>LINK TO CORPORATE PLAN:</b>	Governance – Best Practice Governance

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## 1. PURPOSE

As statutorily required, council will investigate or otherwise formally enquire into all instances of suspected fraud or corrupt conduct exposed as a result of receiving an allegation or detecting fraudulent or corrupt activities.

This document outlines the key steps council should take in the investigation process.

## 2. PRINCIPLES

Council should conduct investigations in accordance with the following principles:

- Natural justice and procedural fairness
- Require all parties to enter into confidentiality agreements in relation to the information coming into their possession during the course of the investigation.
- Conduct any investigation and resulting disciplinary proceedings in an atmosphere of transparency, independence, fairness and objectivity at all times.
- An investigation should comply with all relevant legislation.
- Make and keep adequate records of all investigations.
- Any investigation should be subject to an appropriate level of supervision and review by a senior responsible person or committee.

## 3. INVESTIGATION PROCESS

Where suspected or actual fraud or corruption exists, council should undertake a formal process to determine the appropriate form of action, such as the one outlined in Appendix A.

### Step 1 – Recording Allegations

Reports of allegations of fraud or corrupt conduct may be received verbally or in writing, anonymously or reported directly by the person making the allegations or through their line manager. As soon as practicable after the allegation, all available details should be recorded on a Fraud Allegation Reporting Form and the completed form be forwarded to the Governance Manager (Appendix B).

Governance Manager should maintain a record of all allegations of fraud and corruption in the Fraud Incident Register (Appendix C)

### **Step 2 – Initial Review**

All reports, information, complaints and notifications concerning alleged fraud activity or corrupt behaviour shall be referred to the Governance Manager through the investigation process in the first instance and reviewed by the Chief Executive Officer

The reviewer will determine the appropriate course of action and document in the Fraud Investigation Tracking Form (Appendix D)

### **Referral/Notification**

Section 38 of the *Crime and Corruption Act* obliges councils to notify the Crime and Corruption Commission (CCC) if they reasonably suspect that a complaint, information or matter involves, or may involve, corrupt conduct. Chief Executive Officer should notify the CCC as soon as they have a reasonable suspicion that corrupt conduct may have occurred. One of the reasons Council must notify the CCC before starting its own enquiries is that the CCC might already be dealing with the complaint.

Council can notify the CCC by letter or using the online form for public officials available at [www.ccc.qld.gov.au/referrals](http://www.ccc.qld.gov.au/referrals). The details of any referral should be included in the Investigation Tracking Form.

Governance Manager shall ensure that any allegation involving criminal offences against the council by employees or external parties is referred to the Queensland Police Service (QPS).

Governance Manager shall ensure that all referrals or notifications to the CCC or QPS are documented.

Where the matter is not referred to the CCC, the reviewer will determine the proposed approach and appoint an investigating officer. An investigation is then initiated and conducted by the investigating officer.

The investigating officer must have the appropriate skills and experience to conduct the investigation and be independent of the area in which the alleged fraud or corrupt conduct occurred. Council can choose to use external specialists if you do not have appropriately skilled staff within the organisation.

Appendix B provides further guidance on how to stream an investigation – whether to handle in house, use an external investigator or refer to the police.

### **Step 3 – Investigation**

The investigating officer may consult with other appropriate officers or external experts as necessary, whilst maintaining the confidentiality of the individual making the report.

The various steps involved in conducting a formal investigation include:

- determining the scope and nature of any investigation
- confirming the responsibilities and powers of the investigator
- conducting the investigation
- gathering the evidence
- concluding the investigation

The nature of an investigation will depend on the type, severity and complexity of the incident.

The CCC publication *Corruption in focus: a guide to dealing with corrupt conduct in the Queensland Public Sector*, provides further information and can be found on their website.

### **Step 4 - Outcomes**

The investigating officer should submit a written report to the CEO detailing the circumstances and, where appropriate, recommending appropriate remedial or disciplinary action. The CEO may decide to:

- deal with the matter as an allegation of misconduct using the council's disciplinary process;
- take remedial action immediately;
- dismiss the allegation; or
- take general management action.

Governance Manager shall ensure that the CEO's approvals shall be documented and included in the Fraud Incident Tracking Form.

#### **Disciplinary Action**

Substantiated allegations of fraud or corrupt conduct may result in formal disciplinary action including dismissal.

If approved by the CEO, Council's disciplinary action policy should be applied to create a deterrent effect to employees by illustrating that all cases will be investigated and disciplinary action will be taken against staff that "do the wrong thing".

#### **Recovery of Proceeds of Fraudulent Conduct**

Council should consider action to recover the proceeds of fraudulent conduct where there is clear evidence of fraud or corruption and where the likely benefits of such recovery will exceed the funds and resources invested in the recovery action.

Governance Manager shall ensure that management decisions regarding the steps to be taken, or otherwise, should be documented in the Fraud Investigation Tracking Form

#### **Internal Control Review**

Following an investigation of an allegation, Governance Manager shall ensure that an internal control review shall be undertaken in the area where the fraud occurred. The Review should consider the matters arising from the investigation and provide recommendations as to any improvements or changes to existing internal controls. This will help to ensure internal controls weaknesses and gaps are addressed to prevent the fraud from reoccurring. Outcomes of this review shall be recorded in the Fraud Investigation Tracking Form.

#### **Step 5 - Management Approvals**

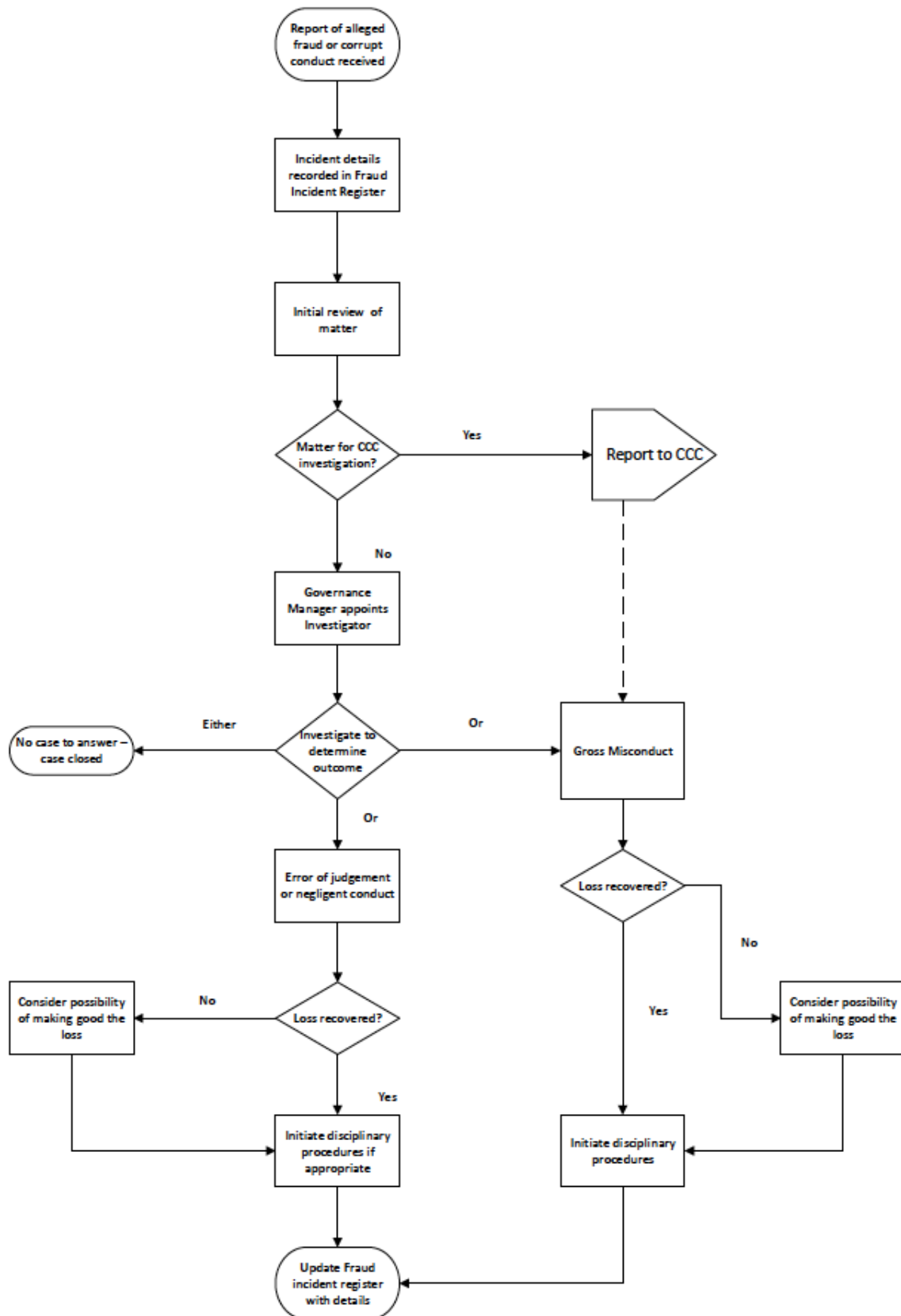
The Fraud Investigation Tracking Form should be progressively completed during all stages of the investigation of an allegation of fraud ensuring that all approved matters are documented.

The Fraud Incident Register shall be updated regularly, and provided to the CEO for review at least quarterly.

#### **Step 6 – Reportable Losses**

Governance Manager shall be responsible for ensuring that any reportable loss (loss of asset) is reported to the Queensland Audit Office (QAO) and the Minister, as soon as practicable, but not more than 6 months after the officer becomes aware of the loss.

**APPENDIX A – INVESTIGATION PROCESS**



**APPENDIX B - GENERAL GUIDE ON HOW TO PROGRESS AN INVESTIGATION**

**Suggested streaming of cases for investigation**

Source: Based on Australian Capital Territory Government Integrity Policy and Investigation Standards.

Characteristic of case	Refer to the Police	Use formally qualified investigators	Handle in-house
Complexity	Requires detailed analysis of large amounts of evidence, both paper and computer based. Use of sophisticated technology.	Requires detailed analysis of evidence, both paper and computer based.	Analysis of relevant evidence straightforward.
Potential damage	High monetary loss*. Significant damage to the reputation of the public service. Harm to the economy, assets or environment. Impact upon broader national law enforcement issues (eg, organized crime, money laundering).	Medium monetary loss. Significant damage to the reputation of the organisation.	Minor monetary loss. Minor damage to the reputation of the organisation.
Nature of offence	Elements of criminal conspiracy. Serious breach of trust by an employee.	Likely to involve action before a court or tribunal.	Likely to be limited to administrative action within the agency.
Status of evidence	Preliminary analysis indicates strong possibility of proof beyond reasonable doubt.	Preliminary analysis indicates possibility of proof to the level of proof beyond reasonable doubt or balance of probabilities.	Preliminary analysis indicates strong possibility of proof to the level of balance of probabilities.
Scope	Involves known or suspected criminal activities in a number of agencies and/or jurisdictions. Collusion between a number of parties.	More than one party suspected of being involved in the case.	Isolated incident.
Availability of evidence	Evidence is required that can only be obtained by exercise of a search warrant or surveillance	Evidence is required that can be obtained within the agency.	Evidence is required that can be obtained within the agency.

\*Cases with high monetary loss should be referred to the Police. While there is no unambiguous financial threshold, it is important that potential frauds involving losses in excess of \$5000, or lesser amounts if it undermines a program or service, are investigated with a view to prosecution.

Office Hours: Monday - Friday 8.30am - 5.00pm

P. 07 4741 2900 PO Box 274 Hughenden Q 4821  
 F. 07 4741 1741 34 Gray St, Hughenden Q 4821  
 flinders@flinders.qld.gov.au [www.flinders.qld.gov.au](http://www.flinders.qld.gov.au)

### FRAUD ALLEGATION REPORTING FORM

This form is to be used by any Flinders Shire Council Councillor, employee, contractor or volunteer to report a suspicion of fraud or corruption. While reporting to your immediate supervisor is encouraged, the completion of this form will facilitate a comprehensive assessment of the matter.

#### DETAILS OF PERSON REPORTING ALLEGED FRAUD (OPTIONAL)

<b>Name of person reporting the allegation</b>	
<b>Address</b>	
<b>Phone number</b>	
<b>Mobile</b>	
<b>Email address</b>	

#### DETAILS OF ALLEGED FRAUD

<b>Person/s alleged to have committed fraud.</b>	
<b>Role with Council</b>	
<b>Date/s of alleged fraud</b>	
<b>Any witnesses to this allegation?</b>	
<b>If so, provide their details.</b>	
<b>Any other details you wish to provide?</b>	

<b>Date reported</b>	
<b>Signature of person filling out form.</b>	

This form is to be sent to the Governance Manager either by:

- Email ([gm@flinders.qld.gov.au](mailto:gm@flinders.qld.gov.au))
- Hard copy (Reception))
- Fax (07 4741 1741)



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P. 07 4741 2900

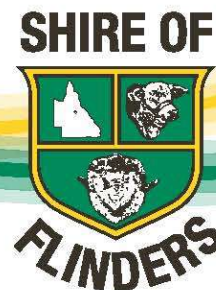
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## FRAUD INVESTIGATION TRACING FORM

### PURPOSE

This form is to be used by Flinders Shire Council staff to track the progress of investigation of an allegation of fraud. The Form should be progressively completed during an allegation and investigation process to assist in tracking status of the matter. Key information should also be updated on the Fraud Incident Register on a regular basis.

<b>Fraud Matter Number (from Fraud Incident Register)</b>	
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Summary of Allegation – refer to Fraud Allegation Reporting Form	
<b>Date Initially Notified</b>	
<b>Name of Informant:</b>	
<b>Nature of allegation/suspicion:</b>	
<b>Estimated or actual value of loss:</b>	
<b>Sources of Evidence:</b>	
<b>Other Comments:</b>	

Response and Investigation		
<b>Notified to Manager:</b>	<b>Name</b>	
	<b>Date</b>	
	<b>Time</b>	
	<b>By Whom</b>	
	<b>Signed</b>	
<b>Notified to CEO</b>	<b>Date</b>	
	<b>Time</b>	
	<b>By Whom</b>	
	<b>Signed</b>	
<b>Added to Fraud Incident</b>		



<b>Register</b>	
<b>Delegated Officer:</b>	
<b>Proposed Response Strategy:</b>	
<b>Appointed Investigator:</b>	
<b>Investigation Due Date:</b>	
<b>Investigation Outcome:</b>	
<b>Further action Taken:</b>	

<b>Matter Closure</b>		
<b>Statutory Notifications Undertaken:</b>	<b>CCC Date Signed</b>	
	<b>QPS Date Signed</b>	
	<b>Auditor General Date Signed</b>	
<b>Matter Complete</b>	<b>Date Signed</b>	