

Standard 4.06 – Fraud

1. Application

This Standard applies to all directors, employees and Contractors of NQBP.

2. Policy

Under Policy 4 – Finance, NQBP is expected to maintain the highest level of governance. This standard defines how NQBP will manage its Fraud related risks.

General Approach

NQBP aims to prevent fraud in the first instance by establishing clear policies to prevent misunderstanding of entitlements, including a clear Code of Conduct; maintaining good staff morale and having a rigorous recruitment process.

In the event that fraud does occur, NQBP aims to:

- Detect the fraud early;
- Have the fraudulent activity immediately cease and prevent further loss;
- Where necessary remove and dismiss/terminate the responsible employee or Contractor;
- Successfully prosecute where appropriate;
- Recover property/civil prosecution where necessary; and
- Deter the recurrence of fraud by others.

Fraud or Other Non-Compliance with the Law

Fraud is any activity involving dishonesty or deception that is to the detriment of NQBP, whether or not there is any personal benefit to the person(s) committing the fraud.

Employees and Contractors are expected to act honestly and comply with the law at all times. Employees and Contractors who do not comply with the law e.g. commit fraud against NQBP; will be prosecuted to the full extent of the law. Matters will be referred to the Queensland Police Service (Police), the Queensland Audit Office (QAO), and the Crime & Misconduct Commission (CMC) for appropriate action against the person. This may include prosecution or dismissal or termination, depending on the circumstances. There is no requirement to provide a “warning” to those committing fraud due to its serious nature and summary dismissal is an option regardless of whether a formal prosecution is pursued.

It is the responsibility of all employees and Contractors to report suspicious or inappropriate activities e.g. suspected fraud to their supervisor, the Chief Executive Officer (CEO) or Chairman of the Board for appropriate follow up action.

A formal record of allegations of fraud or inappropriate use of NQBP funds or resources will be kept by the CEO. In order to best establish the evidence it is preferred that matters are reported with the complainant identified, however anonymous allegations will also be investigated. Information provided will be treated as confidential except where disclosure is required by law. The employee and Contractor who initially reports the issue will receive written confirmation that the matter has been recorded. Investigation will be assigned to an appropriate senior manager (or external party if warranted) and referral will be made to Police, QAO and CMC as necessary.

Fraud Control Plan/Risk Assessment

The Manager Risk & Assurance is responsible for ensuring that an annual risk assessment is undertaken to ensure that all risks of fraud are identified, ranked and addressed, and that risk mitigation measures taken are appropriate.

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All managers are to participate in the review of risks and controls identified. Actions are to be formally documented (noting training, responsibilities and reporting) and followed up.

Internal Controls

NQBP is required to establish cost effective internal controls with the focus on **PREVENTION**, **DETECTION** and **DETERRENCE** of fraud.

Controls to be considered would include:

- Recruitment procedures – background/referee checks
- Segregation of incompatible duties
- Security over systems (physical and information)
- Appropriate supervision and internal checks
- Consideration of risk and risk mitigation strategies
- Appropriate delegations
- Reconciliations
- Review of management reports
- Review of processes and accounting and administrative controls on a regular basis
- Properly documenting and communicating policy and procedures
- Structured training on an ongoing basis
- Regular audit
- Rotating employees where feasible, regular leave taken by high risk employees
- Review of suppliers and external consultants (background checks)
- Disaster recovery plans, insurances
- Review and update contract conditions
- Review of communication channels to ensure effective

Reporting and Training

Reporting of fraud may be in writing (anonymous/complainant identified) or verbal.

- Internal – ensure all staff are aware of who to report suspected fraud to, ensure supervisors know how to treat a complaint, ensure employees are capable of preventing, identifying and responding to potential fraudulent activity.
- External – ensure suppliers and customers are aware of fraud reporting framework.

Fraud Control training is to be provided at least on an annual basis, as part of the annual ongoing NQBP policy refresher training programmed by the CFO. Fraud policy awareness will also be incorporated into NQBP's induction training.

Notification

NQBP's Chairman of the Board is to be immediately notified of any instance of fraud with the Board advised at its next meeting.

Matters should be reported to the Police, CMC and QAO. (Refer to the Financial and Performance Management Standard 2009.)

Protection of Complainants (Whistleblowers)

Any fraud investigation must be carried out in accordance with the principles set out in the NQBP Procedure 2.065 - Whistleblower Protection.

Investigation Standards

After disclosure of suspected fraud, the investigation needs to be planned, an assessment made as to the reliability of the source of information, it needs to be established if an offence has

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occurred, and if possible the alleged offender identified. Complete documentation of all steps in the investigation should be maintained.

Immediate consideration needs to be given to identifying and securing evidence – particularly if computer based evidence is involved. There should be minimal handling of original data, an accounting of any changes made and rules of evidence need to be complied with. As this is a specialised area, it is recommended that immediate assistance be sought from a specialist in this area.

Dismissing Employees Suspected of Fraud

Summary termination of employment (termination without payment of notice) is available where there is gross misconduct i.e. fraud, and there is no requirement to provide “warnings” to the employee. There does not need to be proof beyond reasonable doubt as to the fraud, however the more serious the allegation the greater the burden of proof for the employer. The test is where it would be open to a reasonable employer acting reasonably to conclude, based on the information available, that a fraud had occurred. There is no requirement to wait for the outcome of a police investigation.

NQBP’s General Counsel will advise on the process to be followed in instances where fraud is suspected. External legal advice may be sought.

3. Fraud Policy, Procedure, Standard and Legislative Framework

NQBP is a Government Owned Corporation and port authority and is required to comply with its own policies, prescribed applicable legislation and State Government policies and procedures. This procedure should be read in conjunction with:

- a. Policy 2 – Compliance
- b. Policy 4 – Finance
- c. Standard 2.01 - Code of Conduct
- d. Finance Standards, Guidelines, and Procedures
- e. Corporations Act 2001 (Cth)
- f. Government Owned Corporations Act 1993 (Qld)
- g. Financial Accountability Act 2009 (Qld)
- h. Leasing in the Queensland Public Sector Policy Guidelines
- i. Investment Guidelines for Government Owned Corporations 2013 (IGGOC)
- j. Code of Practice for Government Owned Corporations’ Financial Arrangements
- k. Corporate Governance Guidelines for Government Owned Corporations February 2009.
- l. Australian Accounting Standards

4. Procedure Review Date

This procedure should be reviewed by 30 June 2018.

5. Definitions

NQBP: means North Queensland Bulk Ports Corporation Limited ACN 136 880 128.

Contractors: means contractors or consultants engaged by NQBP under a personal services consultancy agreement or other similar arrangements.

NQBP Employee: means employees and Contractors of NQBP but does not include NQBP directors.

NQBP Personnel: means NQBP officers (for example NQBP directors) and NQBP Employees.

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