

Contact Officer	Chief Executive Officer
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Mackay Port Authority (MPA) is committed to establishing an organisational culture which will ensure that effective corruption and fraud prevention is an integral part of all MPA activities and a core management capability, consistent with the MPA Employee Code of Conduct (**Code of Conduct**) and relevant legislation.

The **Code of Conduct**, which applies to all staff, officers of the MPA and contractors (henceforth referred to as 'staff and others'), states that the MPA undertakes to create an ethos and environment in which ethical conduct is expected, encouraged and supported. The **Code of Conduct** further states that under the ethics principle of integrity, the MPA, its staff and officers are placed in a position of trust and are required to maintain and enhance public confidence in the integrity of the MPA and to advance the common good of the MPA community.

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In line with the above obligations and the Australian Standard on Fraud and Corruption Control, the objectives of this policy are to:

- Ensure senior management's commitment for its responsibility for identifying risk exposures to corrupt and fraudulent activities and for establishing controls and procedures for prevention and detection of such activities;
- Reinforce the requirement for all staff and others to refrain from corrupt conduct, fraudulent activities, and maladministration and encourage the reporting of any instance of fraud, corrupt conduct or maladministration;
- Ensure that all staff and others are aware of their responsibilities in relation to the ethical conduct of themselves and staff that they may be responsible for; and
- Ensure that regular assessment of the risks of corruption and fraud is undertaken, and all suspected corrupt and fraudulent activity is dealt with appropriately.

The Chief Executive and executive management team are responsible for the implementation of this policy through an appropriate fraud and corruption control plan and an effective internal control structure.

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Definitions

Corruption is defined in a practical way by the Crime and Misconduct Commission (CMC) as behaviour that may involve fraud, theft, the misuse of position or authority or other acts that are unacceptable to an organisation and which may cause loss to the organisation, its clients or the general community. It may also include other elements such as breaches of trust and confidentiality. The behaviour need not necessarily be criminal. 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.

Fraud can be seen as a major subset of corruption and is a deliberate, intentional and premeditated dishonest act or omission acted out with the purpose of deceiving to gain advantage from a position of trust and authority. It includes amongst others acts such as theft, making false statements/representation, evasion, manipulation of information, criminal deception and abuse of MPA property or time. The Australian Standard on Fraud and Corruption Control defines fraud as dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position.

Compliance is meeting obligations under laws, regulations, codes or organisational standards.

Obligation is a requirement specified by law, regulations, codes or organisational standards.

Maladministration is defined in the *Whistleblowers Protection Act 1994* as an administrative action that is unlawful, arbitrary, unjust, oppressive, improperly discriminatory or taken for an improper purpose and which substantially and adversely affects someone's interests.

Official Misconduct is defined in the *Crime and Misconduct Act 2001* and has been paraphrased by the CMC as including the performance of a dishonest (not impartial) act, breach of trust or misuse of information or material acquired. Further, where proved, it can be a criminal offence or treated as a disciplinary breach providing reasonable grounds for termination of the person's services.

Corporate Governance is a term which refers to the way in which MPA is directed and controlled in order to achieve its strategic goals and operational objectives. The control environment makes the organisation reliable in achieving its goals and objectives within an acceptable degree of risk. Appropriate corporate governance ensures a high standard of accountability at all levels of the organisation and as such enables the MPA accountable officer, the Chief Executive, to exercise his accountability in law.

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Implementation of corruption and fraud control

Successful implementation of the policy objectives will require recognition and incorporation of the following elements within the corruption and fraud control plan.

a) *Corporate governance and corruption and fraud control*

Corruption and fraud control and management is an integral component of effective corporate governance which builds upon the requirement for transparent and accountable processes consistent with sound business practices and organisational standards of compliance. Embedding these requirements into the day-to-day operations of the MPA will enhance the MPA's profile as a good corporate citizen, and reduce the likelihood that it will suffer financial loss or damage to its reputation as a result of misconduct by staff and others.

b) Executive and management commitment

The Board, Chief Executive, heads of divisions and management at all levels of the MPA need to be committed to the pro-active prevention of corrupt or fraudulent activities in a systematic way in order to enhance the operation and reputation of the MPA.

All senior managers should ensure there are mechanisms in place within their area of control to:

- Assess the risk of corruption and fraud
- Promote employee awareness of ethics, and
- Educate employees about corruption and fraud prevention and detection.

Operational / line management (supervisors) should ensure that they display an appropriate attitude towards compliance with laws, rules and regulations. They should ensure that they are aware of indicators / symptoms of fraudulent and corrupt conduct, or other wrongful acts (eg by participating in relevant staff training) and respond appropriately to such indicators. Most importantly they should establish and maintain adequate internal controls that provide for the security and accountability of MPA resources and prevent/reduce the opportunity for such activities.

Applicable internal controls include:

- Suitable recruitment procedures
- Segregation of duties
- Security (physical and information systems)
- Consideration of risk and mitigating strategies
- Supervision and internal checks
- Approvals within delegated authority
- Reconciliations
- Budget control
- Regular review of management reports, and
- Clear reporting lines.
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c) Internal control structure

The Chief Executive is ultimately responsible for the establishment of a cost-effective internal control structure for the MPA (Financial Management Standard 1997). Financial, administrative, information systems and internal controls are all essential requirements for corruption and fraud prevention. Individual managers are responsible for daily operations and for maintaining cost-effective internal control structure within their organisational responsibility. The operation of internal controls is **not** the responsibility of Internal Audit but is subject to audit reviews.

d) Environment and culture

As stated in the **Code of Conduct** all staff have the responsibility to report suspected corrupt and/or fraudulent activity. Any staff who suspects such activity must immediately notify his/her supervisor or those responsible for investigations. In situations where the supervisor is suspected of involvement in corrupt and fraudulent activity, the matter should be notified to the next highest level of supervision or the Chief Executive.

e) Dealing with complaints

All complaints of suspected corrupt and/or fraudulent behaviour should be reported as stated in the **Code of Conduct** for appropriate managing while also providing for the protection of those individuals making the complaint and natural justice to those individuals being subject of such complaint.

f) Recruitment of staff

Recruitment policy and practices underpin corruption and fraud prevention. All staff must support the human resource recruitment strategies, which include:

- Criminal background checks on employees where the position warrants it and as guided by senior management
- Contacting referees
- Verifying transcripts, qualifications, publications and other certification or documentation, and
- Avoiding entering into recruitment of individuals that could potentially lead to conflicts of interest (refer to **Code of Conduct**).

g) Staff development and training

Courses / seminars and presentations on the topics of ethics, corruption and fraud prevention and detection and compliance obligation of individual staff members will be embedded into the MPA's ongoing staff development, training and awareness programs.

Corruption and fraud prevention and detection and related issues should also be included in other relevant staff development and induction activities.

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Review of policy

The policy on corruption and fraud control will be reviewed by the Chief Executive in conjunction with Internal Audit three years after approval, or sooner where there is an amendment to the legislation and/or any guidance provided by the Crime and Misconduct Commission. The outcome of the review should be reported to Board by the Internal Audit Committee.

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Related Documents

Title	Policy Number
MPA Code of Conduct	TBA
MPA Serious Misconduct Policy	TBA
MPA Whistleblowers Protection Management Policy	TBA
Relevant misconduct provisions within the enterprise bargaining agreements for Award and non Award staff	
Public Sector Ethics Act 1994 (QLD)	
Whistleblowers Protection Act 1994 (QLD)	
Crime and Misconduct Act 2001	
Queensland Criminal Code Act 1899	
Financial Administration and Audit Act 1977	
Financial Management Standard 1997	
Financial Management Standard, Division 5 Risk Management (sections 83 to 85) (in that fraud control is listed as an activity to which Risk Management should be applied)	
Australian Standard: AS 8001 - 2003 Corporate Governance - Fraud and Corruption Control	

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Modification History

Date	Sections	Source	Details
10 December 2004	All	Board	New policy

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