

Policy No: 1.14	Policy Name: Fraud and corruption
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Applies to:	Version:
Program:	Date Approved:
	Review Date:

## 1. Purpose

The purpose of this policy is to demonstrate [Service name's] commitment to the prevention, deterrence, detection and investigation of all forms of fraud and corrupt conduct to aid in the prevention of fraud and corrupt conduct.

[Service name] aims to establish an environment in which fraudulent or corrupt conduct is not tolerated and one in which Board members, employees and volunteers do not act dishonestly. This environment will promote a culture where all fraudulent activities and corrupt conduct, once noticed or legitimately suspected are reported, investigated and resolved in a timely and fair manner.

[Service name] will not tolerate any incident of fraud or corrupt conduct. Board members, employees and volunteers will act in accordance with applicable Codes of Conduct and in the spirit of ethical standards.

## 2. Policy statement

[Service name] shall develop and maintain a culture of honesty and integrity within the organisation, and put in place processes that ensure the effective prevention, detection and management of fraud and corruption. To that end, [Service name] has adopted a zero-tolerance approach on fraud and corruption in all organisation activities, which is consistent with the Code of Conduct and the law.

[Service name] fraud and corruption policy is aligned with the [service name's] code of conduct which requires ethical practice consistent with professional standards that provide the foundation from which all services and programs are based.

Based on these standards, [Service name] board, employees and volunteers have the responsibility of administering the service honestly and prudently, and of exercising their best care, skill and judgment in the management and delivery of services.

## 3. References

Crimes Act 1900 (NSW)

Public Interest Disclosures Act 1994 (NSW)

Public Interest Disclosures Act 2013 (Cth)

Ombudsman Act 1974 (NSW)

## 4. Definitions

**Fraud** - is defined in Australian Standard AS8001-2008: Fraud and Corruption Control, 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 where 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 for personal financial benefit.*

*The theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is also considered “fraud” for the purposes of this definition.”*

Examples of fraud include (but are not limited to):

- Theft and/or misappropriation of [Service name] revenue in the form of cash, cheques, money order, electronic funds transfer or other negotiable instrument.
- Unauthorised removal of equipment, parts, software, and office supplies from [Service name] premises.
- Deliberate over-ordering of materials or services to allow a proportion to be used for personal purposes.
- Submission of fraudulent applications for reimbursement.
- Payment of fictitious employees or suppliers.
- Falsification of time records.
- Damage, destruction or falsification of documents for the purpose of material gain.
- Failure to disclose a conflict of interest in the performance of duties as a Board member, employee, volunteer or contractor of [Service name].

**Corruption** - is defined in Australian Standard AS8001-2008: Fraud and Corruption Control, 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.”*

## 5. Procedure

### *Roles and responsibilities*

All [Service name] employees are accountable for, and have a role to play in, fraud and corruption control. Any staff member who suspects any fraudulent or corrupt activity is to follow the procedures outlined in the [Service name] Whistleblower Policy.

### *Managing the risk of fraud and corruption*

[Service name] will regularly review its policies and procedures to ensure that they provide an adequate framework for proper workplace conduct. Contained within the policies and procedures is the Code of Conduct, which provides guidelines on conflicts of interest and corrupt conduct.

All workers are required to maintain familiarity with [Service name's] policies and procedures, and to sign acknowledgement of [Service name's] Code of Conduct.

Workers will be notified of any changes to [Service name's] policies and procedures at the first available opportunity after the changes are made.

### *Fraud risk assessment*

[Service name] will undertake a risk management assessment process that will include a risk assessment relating to fraud and corruption on at least an annual basis. A Risk Management Plan will be developed to remove or reduce any identified risks. The [service name manager] is the

person delegated responsibility to undertake the Fraud Risk Assessment, in conjunction with the Financial Administrator and other staff / Board members as appropriate.

#### *Detection of fraud and corruption*

All [Service name] staff must immediately report to their supervisor any suspected fraud or corrupt conduct. Senior managers must ensure that all cases of suspected fraud and corrupt conduct are reported to the person identified by the Board as responsible for managing these reports. If the staff member suspects their supervisor and wishes to report this, they may make a direct report to the person identified by the Board as responsible who is [add position].

The legislative requirements for protecting staff who make disclosures of suspected fraud and corrupt conduct are contained in the Public Interest Disclosures Act 1994 (NSW). Any employee who makes a report of suspected fraud is protected by [Service name] via the Code of Conduct and the protections afforded by the Public Interest Disclosures Act 2013 (Cth).

The obligation to refer criminal matters to the NSW Police is contained in section 316 of the Crimes Act 1900 (NSW). Where it is reasonably believed that an employee has committed a criminal offence, the matter should be referred to the NSW Police.

<b>Action required</b>	<b>Groups responsible</b>
Refer complaints of criminal offences to the NSW Police	Victims of crime should report those crimes to the NSW Police
Refer matters to the NSW Ombudsman and the Audit Office of NSW	All staff have the right to report suspected maladministration to the NSW Ombudsman and suspected waste to the Audit Office of NSW if they do not wish to report internally.

#### *Investigating allegations of fraud and corruption*

Alleged or suspected corrupt conduct is investigated by the [Service name] manager or other appropriate [Service name] staff or referred to an external agency for investigation.

Investigations will consider what improvements can be made to policies and procedures within [Service name].

[Service name] executive maintains a confidential database of all suspected fraud and corrupt activities.

## 6. Related documents

[Service name] Code of Conduct

[Service name] Whistleblower policy

[Service name] Conflict of Interest policy

## 7. Review

Reviewing and approving this policy		
Frequency	Person responsible	Approval
[How often will this policy be reviewed]	[Position of person responsible for reviewing policy]	[position of person/group who approves this policy]

Policy review and version tracking			
Review	Date approved	Approved by	Next review date
1			
2			
3			

Sample