

Fraud Risk Management Policy AC01

Policy Number: AC01

Effective Date: 19th September 2013

Version: 04

Revised Date: 28th September 2021

Drafted by: Executive Director

Responsible person: ED, DSS

Date Approved by Board: 19th September 2013

Scheduled Review Date: April 2023

Introduction

Not-for-profit organisations are as liable to fraud as commercial organisations, and effective prevention strategies need to be put in place and monitored.

Purpose

The purpose of this policy is

- To ensure that all parties are aware of their responsibilities for identifying exposures to fraudulent activities and for establishing controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.
- To provide guidance to staff/volunteers/contractors as to action which should be taken where they suspect any fraudulent activity.
- To provide a clear statement to staff/volunteers/contractors forbidding any illegal activity, including fraud for the benefit of the organisation.
- To provide assurance that any and all suspected fraudulent activity will be fully investigated.
- It is required that if organisations entering into a formal partnership with This Life do not possess a similar policy holding them to equal or higher standards, they commit to adhere to this policy. In accordance with This Life's Partner and Affiliated Organisations Policy, and in compliance with the ACFID Code of Conduct, this requirement shall form part of all Memoranda of Understanding between This Life and partner organisations.

Definition

Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. It may include, but is not limited to:

- Actions to gain non-monetary benefits such as power, status, control or information
- Corruption, the abuse of entrusted power for private gain, including bribery,
- Money-laundering, the process of concealing the origin, ownership or destination of illegally or dishonestly obtained money and hiding it within legitimate economic activities to make them appear legal.
- Terrorism financing, intentionally providing or collecting funds and being reckless as to whether those funds would be used to facilitate or engage in a terrorist act, and
- Violation of sanctions imposed by the Australian Government

Policy

This Life will not tolerate fraud or corruption in any aspect of its operations.

This Life provides induction and refresher training on Fraud Risk Management and This Life's Code of Conduct, which prohibits the acceptance of bribes and gifts, and strictly regulates conflicts of interest (see Induction and Orientation Policy). This training includes communicating their obligations, what fraud and corruption are, and how and where to report it. Checking for understanding of application in practice is a key component of the training by providing examples to illustrate the policy in action. All staff are informed they face immediate termination if they violate the Fraud and Corruption Management Policy.

This Life will investigate any suspected acts of fraud, corruption, misappropriation or other similar irregularity. An objective and impartial investigation, as deemed necessary, will be conducted regardless of the position, title, length of service or relationship with the organisation of any party who might be the subject of such investigation.

Any fraud or corruption shall constitute grounds for dismissal. Any serious case of fraud or corruption, whether suspected or proven, shall be reported to the police. Any person reporting an act of fraud or corruption, or a suspected act, shall suffer no penalty in their employment.

Responsibilities

The **Board** of This Life has ultimate responsibility for the prevention and detection of fraud and is responsible for ensuring that appropriate and effective internal control systems are in place. The Chairperson of the Board is also responsible for investigating any instances of fraud involving the Executive Director.

The **Executive Director** is responsible for investigating instances of fraud reported to them.

All **managers** must ensure that there are mechanisms in place within their area of control to:

- Assess the risk of fraud;
- Educate employees about fraud prevention and detection; and
- Facilitate the reporting of suspected fraudulent activities.

Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

All **staff/volunteers/contractors** share in the responsibility for the prevention and detection of fraud in their areas of responsibility.

All staff/volunteers/contractors have the responsibility to report suspected fraud.

Any staff member, volunteer or contractor who suspects fraudulent activity must immediately notify their supervisor or those responsible for investigations.

In situations where the supervisor is suspected of involvement in the fraudulent activity, the matter should be notified to the next highest level of supervision or to the Executive Director.

Processes

Fraud prevention accounting procedures shall be incorporated in the organisation's policies relating to Authority to Sign Cheques, Reimbursement of Expenses, Financial Transaction (credit and debit) Cards, Acceptable Use of Computers, Acceptable Use of Vehicles and Equipment, Cash Management & Income Handling, and any other relevant policies.

Fraud prevention procedures shall be incorporated in the organisation's policies relating to Staff Recruitment and Staff Induction.

All complaints of suspected fraudulent behaviour must be reported to the Executive Director, unless the Executive Director is suspected of involvement in the fraudulent activity in which case the report must be made to the Chair of This Life's Board of Directors.

Reports to the Executive Director should be sent by email to billy@thislife.ngo . Reports to the Chair of the Board should be sent to chair@thislife.ngo.

Upon notification or discovery of a suspected fraud, the Executive Director will promptly arrange to investigate the fraud. The Executive Director will make every effort to keep the investigation confidential; however, from time to time other members of the management team will need to be consulted in conjunction with the investigation.

After an initial review and a determination that the suspected fraud warrants additional investigation, the Executive Director shall coordinate the investigation with the appropriate law enforcement officials. Internal or external legal representatives will be involved in the process, as deemed appropriate.

Once a suspected fraud is reported, immediate action will be taken to prevent the theft, alteration, or destruction of relevant records needs to occur. Such actions include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records.

Where a prima facie case of fraud has been established the matter shall be referred to police. Any action taken by police shall be pursued independent of any employment- related investigation by the organisation.

If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal, shall be taken by the appropriate level of management.

The organisation will also pursue every reasonable effort, including court ordered restitution, to obtain recovery of the losses from the offender.

Vendors and contractors shall be asked to agree in writing to abide by these policies and procedures.

No employee of the organisation, or person acting on behalf of the organisation in attempting to comply with this policy shall:

- be dismissed or threatened to be dismissed;
- be disciplined or suspended or threatened to be disciplined or suspended; be penalised or any other retribution imposed, or
- be intimidated or coerced,

- o based to any extent upon the fact that the employee has reported an incident or participated in an investigation in accordance with the requirements of this Policy. Violation of this section of the Policy will result in disciplinary action, up to and including dismissal.

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator.