

**Fraud and Corruption Control Policy**

**Date Approved:** [date]

**Date for Review:** [date]

**Version Control:** (version number)

**Record of Policy Review:**

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| --- | --- | --- | --- |
| ***Date Policy was Issued*** | ***Date of***  ***Review*** | ***Reason for Review*** | ***Additional Comments*** |
| [month, yr] | [month, yr] | [for example, incorporate changes  to new legislation] | [for example, policy  now covers details related to new legislation]. |
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**Introduction**

**WADDI HOUSING and Advancement Corp. Ltd (herein referred to as ‘WHAACL’)**is committed to establishing and maintaining a culture within the organisation that will ensure that effective fraud and corruption prevention is an integral part of our day to day operations. We recognise that fraud is inherently wrong and it is against our values and we intend to work actively to avoid it occurring.

**Definition of fraud and examples**

Australian Standard 8001-2003 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 person 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 of for improper use of information or position”.*

**Definition of corruption and examples**

Australian Standard 8001-2003 defines corruption as:

*“Dishonest activity in which a director, executive, manager, employee or contractor of the entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain for him or herself or for another person or entity”.*

**Purpose**

The policy aims to set in places practices that enable planning and resourcing, prevention, detection and responding to fraud and corruption. This will be undertaken by:

* Appointing a person within **‘WHAACL’** *tasked* to take overall responsibility for fraud and corruption
* Providing in house training to all Board members, staff and volunteers in ethics, privacy and fraud awareness activities.
* Ensuring all contractors are aware of the **‘WHAACL’** Fraud and Corruption Policy
* Supporting an individual who reports fraud or corruption (‘Whistleblower’).
* Facilitating external scrutiny of fraud control activities.
* The application of appropriate civil, administrative or disciplinary penalties;
* The prosecution of offenders, including those involving routine or minor instances of fraud where appropriate.
* The recovery of the proceeds of fraudulent activity.

**Fraud and Corruption Control Strategies**

**What is Fraud?**

There are basically two categories of fraud:

* Fraud which results in the loss of funds; and
* Fraud which results in the misuse of assets or the loss of an advantage.

Below are examples of where fraud can exist.

* Fraud involving people outside the organisation
* Fraud by employees and others using the organisation’s funds
* Fraud by employees and others using the organisation’s property
* Fraud by employees and others to improve personal property
* Fraud arising from staff, management or Board members due to a failure to perform their duties.

Possible fraudulent activity examples

* Theft of cash, funds, goods and/or equipment.
* Accounts receivable fraud (misappropriated or misdirected payments).
* Credit card fraud.
* False invoicing (invoicing for an exaggerated amount for goods or services delivered or fictitious invoicing for goods or services never received).
* Money laundering.
* People within **‘WHAACL’** using their position to gain some form of improper financial advantage.
* Falsification of financial records or releasing misleading information with a view to obtaining an improper financial advantage, deceive or conceal dishonest activity.
* Intellectual property theft.

Possible corrupt activity examples

* Receiving of gifts in order to influence decisions
* Tendering that involves collusion or manipulation.
* Making appointments based on nepotism rather than the ability to perform a role.
* Bribes (either money payments or favours in kind) used in order to in order to influence decisions
* Serious conflict of interest involving a Board Member acting out of self-interest.
* Using confidential information for own personal gain rather than legitimate business purposes Whistleblower Policy; and
* Encourage Board members, staff and volunteers to report any suspected incidence of fraud.
* External audit partners are changed periodically – we will appoint our auditor for 3 years, then tender again. However, the outcome can be that the same company is re-appointed.
* IF REGISTERED UNDER CORPORATIONS ACT:
* We will change our audit partner every five years, (although we may retain the same audit firm).

**Fraud and Corruption Risk Management**

**Fraud Risk Assessments**

A comprehensive Fraud Risk Assessment will be conducted every (*insert time period*) years. It will take place between *(insert months of the year*) following which the CEO will provide the findings of the assessment to the Board at the first Board meeting after is completion.

The Fraud Risk Assessment should include a review of:

* Information technology and information security.
* Electronic commerce, electronic service delivery and internet transactions.
* Outsourced functions.
* Grants and other payments, benefits or programs.
* Tendering processes and purchasing and contract management.
* Services provided to the community.
* Revenue collection.
* Use of credit cards.
* Travel allowance and other common allowances.
* Salaries.
* Property and other physical assets, including physical security.
* Any significant changes to business operations.
* Any fraud and corruption control issues specific to our industry.

**Ongoing review of fraud control strategies**

A review of the effectiveness of the fraud control strategies will be ongoing and regular reviews of the internal controls and any instance of fraud and corruption. We will undertake (*insert time period* *and state if conducted internally or by external auditors*) reviews of our fraud control plan and make adjustments as necessary.

The CEO is responsible for coordinating compliance with the yearly strategy review and (*time period*) fraud risk assessment.

**Implementation of proposed actions**

Recommendations from the Fraud Risk Assessment will be considered and implemented as soon as is practicable.

**How and when to report fraud**

All Board members, staff and volunteers are encouraged to report possible fraud and corruption or misconduct.

Reports of behaviour involving possible fraud should be communicated to the CEO or Board member through:

1. Normal reporting channels including the following details.

* The name and address of the person to who the report is directed.
* The procedure once the report is received.
* When and how the reporter will be informed of the progress/action taken in light of the report.

1. The Whistleblower policy

In almost all cases the best time to report a suspected fraud or suspicious activity is immediately. Staff should be made aware of this general rule and be encouraged to have confidence that the organisation will deal with the matter in a timely manner. It is preferable to have the matter be investigated appropriately and according to standard procedures authorised by the Board. It is not desirable to simply undertake your own informal investigation.

In addition to internal reporting, the CEO will address each of the following reporting issues and where necessary enlist the support of others (generally people external to an organisation) to consider:

* Protection of employees reporting suspected fraud.
* External anonymous reporting e.g. to the ATO.
* Reports the police.
* Reports to external parties such as government departments.
* Administrative remedies for the recovery of the proceeds of fraudulent conduct.
* Legal reporting obligations e.g. to authorities such as Australian Federal Police, state police, ATO, ASIC or to government departments in relation to contracts held with them.

**Procedures for Investigations**

In the event that fraud is detected, reported or suspected an investigation will be conducted by appropriately skilled and experienced personnel who are independent of the section with the alleged fraud has occurred.

This independent party may include:

* An external law enforcement agency.
* A manager or other senior person. or
* An external consultant operating under the direction of an independent senior person within the organisation.

The investigation should comply with all relevant legislation. Adequate records must be made of all investigations. These records are to be kept in accordance with legal, best practices and privacy management guidelines.

In conducting an investigation into allegations for fraud we will ensure that information arising from or relevant to, the investigation is not disseminated to any person not required by their position description to receive the information.

An investigation will potentially involve the following investigative activities:

* Interviewing of relevant witnesses, both internal and external, including obtaining statements where appropriate.
* Reviewing and collating of documentary evidence.
* Forensic examination of computer systems.
* Examination of telephone records.
* Enquiries with banks and other financial institutions.
* Enquiries with other third parties.
* Data search and seizure.
* Expert witness and specialist testimony.
* Tracing funds, assets and or goods.
* Preparing briefs of evidence.
* Liaison with the police or other law enforcement or regulatory agencies.
* Interviewing persons suspected of involvement in fraud and corruption.
* Reporting preparation.

Any investigation into improper conduct will be subject to an appropriate level of supervision having regard to the seriousness of the matter under investigation. In serious cases, it is contemplated that the Board will be the relevant supervisors.

In each instance where fraud is detected the CEO should re-asses the adequacy of the internal controls (particularly those directly impacting on the fraud incident and potentially allowing it to occur) and amend and improve controls where necessary.

Where improvements are required, these should be implemented as soon as possible and any amendments to internal controls should be effectively communicated to personnel appropriate to their level of responsibility and position description.

**Implementing and Monitoring of the Fraud and Corruption Control Policy**

The organisation will conduct the following activities on a daily, weekly, monthly and/or annual basis to assist in ensuring accurate financial reporting:

* Bank reconciliations are prepared and independently reviewed.
* Fixed asset register are reconciled to the general ledger and depreciation is charged where appropriate. Physical inventories are performed against asset registers.
* At year end, accruals are left open until the latest possible moment to ensure transactions are recorded in the appropriate period.
* Provisions are generally only made to cover specific costs to be incurred.
* Bad debts, where appropriate, are written off after being approved by the Board only.
* General journals are sequentially numbered, supported by narration and proper authorisation.
* All supporting documentation is appropriately filed.
* Asset sales are recognized in the period in which the sale takes place.
* Payroll transactions are effected on (*Insert day for weekly/fortnightly paid employees and/or date for monthly paid employees)*
* The *(insert employee position responsible ie Accountant)* securely maintains information and records relating to payroll matters.

The CEO should consider the following methods to also minimise fraud and corruption;

* Review and reinforcement of computer security measures, including required user identification passwords for access to computer systems. (Routinely changing passwords will improve computer system security)

**Related Other Policies**

This policy should be read in conjunction with the following organisational policies:

* Code of Conduct
* Conflict of Interest
* Delegations Policy and Schedule
* Pecuniary Interest Policy
* Whistleblower Policy

**Review**

This policy will be reviewed on, at least, a yearly basis, with a Fraud Risk Assessment being conducted, at least, on a biennial basis.