



Fraud Risk Policy

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Version	2	Approved By	Board
Category	Governance	Approved Date	20 May 2020
Type	Risk Management	Review Date	20 May 2022

Introduction

Given fraud can have a significantly negative impact on St Kilda Mums (also trading as Eureka Mums and Geelong Mums) (the Organisation) at an organisation level, as well as to all relevant individuals, it is important that there are mechanisms in place to help prevent and detect the fraud.

This policy outlines each person's responsibilities to prevent and detect fraud at The Organisation.

Fraud is the intentional act by one or more individuals, involving the use of deception to obtain an unjust or illegal advantage.

Fraud is a criminal act. Given this, The Organisation has a legal and regulatory obligation to report all instances of fraud in accordance with defined reporting requirements.

Purpose

The purpose of this Policy is to:

- Ensure that all parties are aware of their responsibilities regarding the prevention, detection and management of fraudulent activity.
- Ensure that relevant individuals understand who to report to in the event that they suspect fraudulent activity.
- Provide a step-by-step guide to respond to an allegation regarding fraudulent activity.
- Express a clear statement that there will be zero tolerance of fraud at the Organisation.

Scope and application

This policy applies to all the Organisation Board members ('Board'), staff, and volunteers across all activities in the Organisation.

In the event that a legal obligation imposes a higher standard or requirement on the Organisation, the legal obligation will prevail over this policy.

Definitions

Examples of fraud, for the purpose of this Policy, include but are not limited to:

- Theft and/or misappropriation of income in the form of cash, cheques, money order, electronic funds transfer or other negotiable instrument;
- Theft of any equipment, parts, software, and office supplies;
- Deliberate over-ordering of materials or services to allow a proportion to be used for personal purposes;
- Submission of fraudulent applications for reimbursement;
- Unauthorised amendment or correction to previously authorised forms;
- Payment of fictitious employees or suppliers;
- Falsification of time, attendance, or official records for the purpose of material gain;
- Damage, destruction or falsification of documents for the purpose of material gain; and
- Misrepresentation of qualifications in order to secure a position of employment.

The above examples are not exhaustive.

Policy

- The Organisation will not tolerate fraud in any aspect of its operations.
- Fraud related obligations within each area of the Organisation must be identified, assessed and documented in accordance with the requirements of the Risk Management Policy. This includes key fraud controls used to meet these obligations.
- The Organisation will continue to develop and implement detection methods, controls and will demonstrate a proactive approach to fraud risk management to protect the Organisation against the risks of fraud.
- The Organisation will investigate any suspected acts of fraud, misappropriation or other similar irregularity.
- An objective and impartial investigation, as deemed necessary, will be conducted for all suspected and actual fraud incidents.
- Any fraud will constitute grounds for dismissal in the case of an employee or a banning order in the case of a volunteer.
- All fraud will be reported to the police and other relevant authorities, with limited exceptions.

Responsibilities

The Board 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 CEO is responsible for dealing with and investigating instances of fraud reported to them.

All managers must ensure that they:

- Assess the risk of fraud within their area of responsibility;
- Put in place relevant controls to prevent fraud from occurring;
- Educate staff/volunteers/contractors 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 to any indications of such conduct. All staff and volunteers share in the responsibility for the prevention and detection of fraud.

Reporting

All Board members, staff and volunteers have the responsibility to report suspected fraud.

Any staff member or volunteer who suspects fraudulent activity must immediately notify their manager or the CEO/Treasurer of the Board about the concern. In situations where the staff member or volunteer notifies their manager, the manager must then notify the CEO (or the Chair of the Board in circumstances where the suspected fraud involves the manager or CEO).

Step-by-step guide:

Responding to suspected fraud

1. Upon notification of an alleged fraud, the CEO (or Chair of the Board) will promptly arrange to carry out an initial review into the allegation.
2. After an initial review and a determination that the suspected fraud warrants additional investigation, the CEO (or Chair of the Board) will coordinate the investigation with the appropriate law enforcement officials or external investigator as deemed appropriate. Internal or external legal representatives will be involved in the process, as deemed appropriate.
3. Once a suspected fraud is reported, immediate action will be taken to prevent the theft, alteration or destruction of relevant records. Such actions include, but are not necessarily limited to, removing relevant records / information and placing them in a secure location, limiting access to the location where the records / information currently exists, and preventing the individual suspected of committing the fraud from having access to the records / information.

4. If an allegation of fraud is substantiated by an investigation, disciplinary action, up to and including dismissal (or termination of an individual's right to work as a staff member or volunteer), will be taken by the appropriate level of management. If an allegation is made in good faith, but it is not substantiated by an investigation, no action will be taken against the complainant.
5. Once fraud has been established, the Organisation will also pursue every reasonable effort, including court ordered restitution, to obtain recovery of any losses from the offender.

The Organisation will make every effort to keep the investigation confidential; however, members of the management team may need to be consulted to assist with a review / investigation.

Review

This policy will be reviewed every two years.

Policy Implementation Documents

The following documents are to be used in conjunction with this policy:

- Delegations of Authority
- Code of Conduct
- Financial Policy
- Risk Management Policy