

Best Practice – Quality Area 7

PURPOSE

- Ensure that all parties are aware of their responsibilities regarding the identification and prevention of fraudulent activity.
- Establish controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.
- Ensure that staff/volunteers/contractors 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 to staff/volunteers/contractors forbidding fraudulent activity for the benefit of the organisation.
- To provide assurance that any and all suspected fraudulent activity will be fully investigated.

POLICY STATEMENT

Goulburn Region Preschool Association (GRPSA) Inc. will not tolerate fraud in any aspect of its operations.

The organisation requires all Board members, volunteers, employees and contractors always to act honestly and with integrity and to safeguard the organisation's resources for which they are responsible. The organisation is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits.

GRPSA will investigate any suspected acts of fraud, 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 committed against the organisation is a major concern, and if proven, appropriate disciplinary action (termination of employment) will be taken against any staff member who is found guilty of corrupt or fraudulent conduct, including referral to the appropriate law enforcement or regulatory agencies for independent investigation.

Any person who suspects the commission of a fraud, is required to immediately report it to the CEO or directly to the Board (email board@grpsa.com.au). Any person reporting a fraud, or a suspected fraud, shall not be penalised for raising a concern of this nature.

SCOPE

This policy applies to the Board of Management, staff, volunteers, families. This policy extends to include contractors, suppliers and other organisations to which GRPSA Inc. is connected through any form of funding agreement.

DEFINITIONS

Fraud is defined as an intentional act by one or more individuals among the Board of Management, staff, volunteers, parents, guardians, contractors, suppliers and other organisations, involving the use of deception to obtain an unjust or illegal advantage.

For the purposes of this policy, fraud is defined as: “dishonestly obtaining benefit (either tangible or intangible) by deception or other means”.

A fraud can typically result in actual or potential financial loss to any person or entity however this is not always the case.

Examples of fraud could include, but are not limited to:

- Misappropriation of funds, supplies or other assets including use of assets for private purposes.
- Causing a loss to the organisation or creating a liability for the organisation by deception.
- Impropriety in the handling or reporting of money or financial records.
- False invoicing for goods or services never rendered or backdating agreements.
- False invoicing and/or false payment requests.
- Submitting inaccurate or invalid data to funding bodies.
- Submission of exaggerated or wholly fictitious accident, harassment or injury claims; and
- Misuse of personal leave.

PROCEDURES

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.
- Understanding the fraud and corruption risks to which the organisation is exposed.
- Maintain oversight of the fraud risk assessment and the controls in place to mitigate the risks identified.
- Monitor reports on fraud risks, policies and control activities that include obtaining assurance that the controls are effective.

The Board will:

- Act immediately on any allegation of fraud or corrupt practice.
- Form a sub-committee including the Chair, the CEO and one other person co-opted by the Chair, to investigate the allegation and recommend actions. In the circumstance where one of the recommended sub-committee members is suspected of fraud or is reporting a fraud, they will be replaced.
- Be involved in and endorse the final decision in relation to the dismissal of staff, reporting to police and any resulting legal action.
- Advise all parties where applicable of any action in a timely manner.

The **CEO** is responsible for:

- Fostering an environment that makes active fraud and corruption control a responsibility of all officers, employees and contractors.
- Articulate clear standards and procedures to encourage the deterrence of fraud and corruption.
- Detect and report offences should they occur.

The CEO will:

- Ensure that the roles and responsibilities detailed in this, and associated documents are upheld.
- Ensure allegations of fraud or corrupt practice are fully investigated.
- Provide advice to the respondent on the conduct of investigations and interviewing of staff.
- Inform the Board of any allegation made under the Fraud Policy.
- Ensure that advice is provided to investigation team members on matters of employment law, Service policy and other procedural matters such as disciplinary action. This may involve commissioning external legal counsel, where appropriate.
- Determine whether suspension of specific activities is required whilst an allegation of fraudulent or corrupt activity or theft is being investigated.
- Formally advise police and the Department of Education and Training, as and when required.
- Formally advise Child Care Subsidy Team, Australian Government Department of Education as and when required using the Fraud Hot Line or email.

All **Administration Staff, Management and Service Leaders** must ensure that they:

- Assess the risk of fraud within their area of control.
- Establishing and maintaining adequate internal controls that provide for the security and accountability of the organisation's resources and prevent/reduce the opportunity for fraud and corruption to occur.
- Facilitate the reporting of suspected fraudulent activities.
- Be familiar with the types of improprieties that might occur within their area of responsibility and be alert to any indications of such conduct.
- Conduct audits and crosscheck of Child Care Subsidy (CCS) payments and ensure that submitted data is correct through the approved Provider Entry Point (PEP).
- Enable the two-step authentication process of attendances to be transacted electronically on a weekly basis between the Service, PEP and the child's family. This ensures it is recorded into the PEP and MyGov accounts of both parties.

All staff shares in the responsibility for the prevention and detection of fraud in their areas of responsibility.

All **staff/volunteers/contractors** are responsible for:

- Complying with the organisation's policies and procedures, codes of personal conduct and ethics, avoidance of conflict of interest and maintaining vigilance in early detection, reporting and prevention of fraud and corruption.
- Acting honestly and with integrity to safeguard the organisation's resources for which they are responsible.
- Report any fraudulent or corrupt activity or theft witnessed or suspected, including by a Board Member staff, parents, contractors and any other external party.

AUDITORS RESPONSIBILITIES

The external auditors will be instructed, as part of their audit activity to:

- a) Assess the adequacy and effectiveness of the Fraud Policy and risk management processes.
- b) Support the Board with any investigation of any suspected fraud or corrupt activity.
- c) Monitor theft or misuse of equipment owned by GRPSA.
- d) Conduct quarterly checks in addition to yearly audit.

REPORTING

The reports can be made by email, phone or in person.

The following information should be included in any report or allegation:

- Who is the allegation made against?
- The foundation for the allegation.
- The circumstances surrounding the allegation.
- Specific details about the conduct of the person against whom the allegation is being made.

RESPONDING TO SUSPECTED FRAUD

All complaints of suspected fraudulent behaviour will be investigated, whilst also providing for the protection of those individuals making the complaint and natural justice to those individuals being the subject of any such complaint.

1. Upon notification an allegation pertaining to 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 will advise the Chair of the Board, and a subcommittee 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. The organisation will also pursue every reasonable effort, including court ordered restitution, to obtain recovery of any losses from the offender.
5. Where a prima facie case of fraud has been established, the matter shall be referred to the relevant authorities.
6. If an allegation is made in good faith, but it is not substantiated by the investigation, no action will be taken against the complainant.
7. 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.
8. The findings of an investigation could include but are not limited to:
 - gross misconduct on the part of the staff member investigated,
 - negligence or error of judgement on the part of the staff member investigated,
 - no case to answer – the investigation was unable to identify any foundation for the allegation.
9. If an allegation of fraud is substantiated by the investigation, and a finding of gross misconduct is made, disciplinary action will be dismissal (or termination of an individual's right to work as a contractor or volunteer) and referral to police if not already done so.

AUTHORISATION

This policy was adopted by the Approved Provider on 26 September 2019

Minor revisions approved by the Approved Provider on 22 June 2020

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