



# Fraud Risk Policy 1.0

Version	1.0	Approved by	Derryck Klarkowski
		Approved date	20 February 2019
Responsible person	Executive Officer	Review date	30 January 2020

## 1. 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. We Care Connect will endeavour to minimise the risk of fraud to our organisation, our staff, our volunteers, our clients, or the general public.

## 2. Purpose

The purpose of this policy is

1. 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.
2. To provide guidance to staff/volunteers/contractors as to action which should be taken where they suspect any fraudulent activity.
3. To provide a clear statement to staff/volunteers/contractors forbidding any illegal activity, including fraud for the benefit of the organisation.
4. To provide assurance that any and all suspected fraudulent activity will be fully investigated.

## 3. Policy

We Care Connect will not tolerate fraud in any aspect of its operations.

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

#### 4. Responsibilities

We Care Connect 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 EO is responsible for investigating instances of fraud reported to them. If required, the EO can nominate a suitably experienced/qualified volunteer or paid employee to investigate on their behalf with the approval of the Board.

Where the EO deems it appropriate due to personal relationship or a conflict of interest We Care Connect may engage an external third party to conduct the investigation and report back to the Board with its findings.

All team leaders 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.

Team leaders 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 EO. In situations where the EO is suspected of involvement in the fraudulent activity, the matter should be notified to a member of the Board.

When any fraud investigation is conducted, the details which identify the alleged participants will be “masked” or censored to protect their privacy while the investigation is being conducted and to prevent possible discriminatory actions or behaviours by others at We Care Connect towards the alleged participant/s.

## 5. Definition of Fraud

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. The EO and all team leaders will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

## 6. 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 and Volunteer Recruitment and Induction.

All complaints of suspected fraudulent behaviour must be reported to the EO. The EO must disclose all allegations of fraud to the Board to ensure transparency of process and to minimise the risk of allegations of any type of inappropriate conduct.

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

The EO, or investigating party, will provide the Board with regular updates on the fraud investigation, censoring the details which identify the alleged participants to protect their privacy while the investigation is being conducted and to prevent possible discriminatory actions or behaviours.

After an initial review and a determination that the suspected fraud warrants additional investigation, the EO 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, preventing the individual suspected of committing the fraud from having access to the records, and standing down the person from volunteering/work at We Care Connect until such time as the investigation concludes and a decision is made whether disciplinary action is required.

Where a prima facie case of fraud has been established the Board will determine if 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 may also pursue every reasonable effort, including court ordered restitution, to obtain recovery of the losses from the offender.

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,

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.

## **7. Acknowledgement**

This document is directly based with permission on St Kilda Mums 'Fraud Risk Policy 2.0', drafted by Nyree Fiddes, approval date 14 November 2016.