

Fraud and Corruption Prevention Procedure

1. PURPOSE AND SCOPE

- 1.1. The purpose of this procedure is to ensure that all UnitingSA employees, volunteers, students, contractors and Board Directors are aware of their responsibilities for identifying fraudulent activities and for establishing responsibilities and procedures for preventing it from occurring.
- 1.2. This procedure will provide guidance to employees, volunteers, students, contractors and Board Directors should they suspect any fraudulent activity.
- 1.3. This procedure provides a clear statement forbidding any illegal activity, and assurance that any and all suspected fraudulent activity will be fully investigated.

2. BACKGROUND

- 2.1. Fraud and corruption risk management is an important aspect of UnitingSA's overall risk management framework.
- 2.2. Corruption has the capacity to break public trustworthiness for an organisation and impact on an organisations' good reputation and brand.

3. DEFINITIONS

- 3.1. Corruption: Is the abuse of power or position to acquire a personal benefit. Corruption may include bribery and embezzlement. For example, this may include:
 - 3.1.1. The improper use of knowledge, power or position for personal gain or for the advantage of others;
 - 3.1.2. Acting dishonestly or unfairly, or breaching public trust;
 - 3.1.3. A member of the public influencing an employee to use their position in a way that is dishonest, biased or breaches trust.
- 3.2. Fraud: A recognised subset of corruption. The Australian Standard on Fraud and Corruption Control 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 persons 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 or the improper use of information or position'. Examples may include:
 - 3.2.1. IT assets and security - misappropriation, or the unauthorised or unlawful destruction of data;
 - 3.2.2. Regulatory compliance - providing false or misleading information;
 - 3.2.3. Personnel records/confidential information - use or disclosure of personal information for an improper purpose;
 - 3.2.4. Salaries, wages, allowances - payments to phantom employees;

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- 3.2.5. Contract management - accepting bribes and/or kickbacks from suppliers, negligent or deliberate mis-management of contracts which may include non-compliance with contract schedules or rates, misrepresentation of dates, description of services or identities of contract providers;
- 3.2.6. Tendering - manipulating a tender process to achieve a desired outcome for personal gain, unauthorised or improper release of pricing or other tendering information;
- 3.2.7. Cheques, money, credit cards, EFTPOS - making or using forged or falsified documents or signatures, misappropriation of funds, securities or other assets;
- 3.2.8. Purchases and accounts payable - false documentation in support of invoices, creation and payments made to ghost suppliers, entering into a commercial transaction where there is a conflict of interest.
- 3.3. Conflicts of interest - receiving a personal benefit for assisting a person or entity to gain work or business at UnitingSA and failing to actively manage a disclosed conflict of interest;
- 3.4. Procedural fairness – is concerned with the procedures used by a decision-maker, rather than the actual outcome reached. It requires a fair and proper procedure be used when making a decision.

4. PROCEDURE

4.1. FINANCIAL AND CONTRACTUAL DOCUMENTATION

- 4.1.1. All financial records must be accurately maintained in relation to any UnitingSA contracts or business activities, including financial invoices and all payment transactions with clients, suppliers and public officials.
- 4.1.2. No accounts can be kept 'off-book' to facilitate or conceal improper payments.

4.2. REPORTING SUSPICIOUS ACTIVITY

- 4.2.1. Any employee, volunteer, student or contractor who suspects that fraud or corruption has taken place in the workplace must immediately notify their Manager. The Manager is then required to document the concerns in an email to their Executive Manager who will then work in consultation with the CEO and the Manager to ensure the concerns are investigated and the appropriate people notified.
- 4.2.2. All complaints of suspected fraud or corruption must be reported to the CEO/ Chair of the Board.
- 4.2.3. In situations where the Manager is suspected of involvement in the alleged fraud or corruption, the matter should be notified to the next highest level of supervision.

4.3. INVESTIGATION

- 4.3.1. Upon notification or discovery of suspected fraud or corruption, the CEO delegates to appropriate Executive Manager or external agency the investigation of the matter and will make every effort to keep the investigation

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confidential; however, from time to time other members of the management team will need to be consulted in conjunction with the investigation.

4.3.2. Care and sensitivity must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations. Procedural fairness will at all times be applied. This will include letting the person under suspicion know what they are being investigated for, how the investigation will take place and what the potential outcomes are, giving any individual whose interests may be adversely affected by a decision the opportunity to make a submission, appointing a decision-maker who is impartial and ensuring all decisions are based on evidence that supports submissions made.

4.3.3. After an initial review and a determination that the activity under examination warrants additional investigation, the Executive Manager will coordinate the investigation. Internal or external legal representatives may be involved in the process, as deemed appropriate.

4.3.4. Once suspected fraud or corruption has been 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 the records and placing them in a secure location, limiting access to the location and preventing the individual suspected of committing the fraud from having access to the records.

4.4. POST INVESTIGATION

4.4.1. Where an investigation substantiates the allegations, disciplinary action, including dismissal, shall be taken by the appropriate level of management.

4.4.2. Where an investigation substantiates the allegations the matter shall be referred to the police. Any action taken by police will be pursued independent of any employment-related investigation by the organisation.

4.4.3. In some cases of suspected fraud or corruption, it is a legal requirement that the allegations are reported to the SA Office of Public Integrity. Please refer to the Independent Commissioner Against Corruption Reporting Procedure for further information.

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

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

4.4.6. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputation of persons suspected but subsequently found innocent of wrongful conduct and to protect UnitingSA from potential civil liability.

4.4.7. The CEO will report investigations of suspected fraud or corruption and their outcomes to the Board with proper regard to confidentiality and due process.

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4.5. GIFTS, BENEFITS AND HOSPITALITY

- 4.5.1. Employees may accept gifts of gratitude that are valued up to \$20 from customers or their families.
- 4.5.2. Employees may otherwise accept gifts that are up to \$50 in value in circumstances where it is clear that the gift is a token of thanks, and is not intended to influence a relationship or induce improper conduct. For example, an employee may accept a gift offered following delivery of a presentation at a meeting or seminar.
- 4.5.3. Offers of gifts, benefits or hospitality from external parties considered to be in excess of \$50 in value (and in excess of \$20 in the case of gifts from customers or their families) must be reported to the Manager, who may accept on behalf of the service and UnitingSA. The service Manager will arrange for recording of the item in the Gifts and Benefits Register.
- 4.5.4. An Employee Gifts and Benefits Register will be maintained by the Brand and Experience team. Managers are responsible for ensuring that all necessary gifts, benefits or hospitality that have been received or given are recorded in the Employee Gifts and Benefits Register. The Employee Gifts and Benefits Register is available on the Intranet, and then emailing it to the Brand and Experience team.

5. RESPONSIBILITIES

- 5.1. The UnitingSA 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.
- 5.2. The CEO in consultation with Executive Managers is responsible for investigating instances of reported fraud.
- 5.3. All Managers must ensure that there are mechanisms in place within their area of control to:
 - 5.3.1. Assess the risk of fraud;
 - 5.3.2. Facilitate the reporting of suspected fraudulent activities.
- 5.4. Managers and Supervisors must:
 - 5.4.1. Ensure that those reporting to them comply with the internal controls, systems, relevant policies and directions as applied to them from time to time in relation to carrying out their duties or functions;
 - 5.4.2. Treat seriously all reports of alleged fraud, corrupt conduct or serious and substantial waste of money and ensure that such reports are dealt with in accordance with the applicable procedure;
 - 5.4.3. Take such action as is required to prevent retaliation or retribution against a person who has made a report of fraud, corrupt conduct or serious and substantial waste of organisational money.

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- 5.5. Managers 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.
- 5.6. All employees, volunteers and contractors share in the responsibility for the prevention and detection of fraud in their areas of responsibility.
- 5.7. All employees, volunteers and contractors have the responsibility to report suspected fraud.
- 5.8. Additional responsibilities of employees with financial delegations include:
 - 5.8.1. Any person with financial delegation or responsibility for administering financial transactions is required to comply with relevant finance policies and procedures, financial system requirements and other financial controls of UnitingSA;
 - 5.8.2. The Finance team is responsible for establishing and maintaining effective systems of internal control, monitoring and reporting aimed at preventing, deterring and detecting fraud and corruption relating to UnitingSA's assets and resources.
- 5.9. Any employee, volunteer or contractor who suspects fraudulent activity must immediately notify their Manager. The Manager is then required to document the concerns in an email to their Executive Manager who will then work in consultation with the CEO and the Manager to ensure the concerns are investigated and the appropriate people notified.
- 5.10. All complaints of suspected fraudulent behaviour must be reported to the CEO.
- 5.11. In situations where the Manager is suspected of involvement in the fraudulent activity, the matter should be notified to the next highest level of supervision.
- 5.12. Upon notification or discovery of suspected fraud, the CEO delegates to appropriate Executive Manager or external agency the investigation of the fraud and 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.
- 5.13. Care and sensitivity must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations. Procedural fairness will at all times be applied. This will include giving any individual whose interests may be adversely affected by a decision the opportunity to make a submission, appointing a decision-maker who is impartial and ensuring all decisions are based on evidence that supports submissions made.
- 5.14. After an initial review and a determination that the suspected fraud warrants additional investigation, the Executive Manager will coordinate the investigation with the appropriate law enforcement officials. Internal or external legal representatives may be involved in the process, as deemed appropriate.
- 5.15. 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

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necessarily limited to, removing the records and placing them in a secure location, limiting access to the location and preventing the individual suspected of committing the fraud from having access to the records.

- 5.16. Where a case of fraud has been established the matter shall be referred to the police. Any action taken by police will be pursued independent of any employment-related investigation by the organisation.
- 5.17. If suspicion of fraud is substantiated by the investigation, disciplinary action, including dismissal, shall be taken by the appropriate level of management.
- 5.18. UnitingSA will also pursue every reasonable effort, including court ordered restitution, to obtain recovery of the losses from the offender.
- 5.19. If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator.
- 5.20. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputation of persons suspected but subsequently found innocent of wrongful conduct and to protect UnitingSA from potential civil liability.
- 5.21. The CEO will report investigations of fraud and their outcomes to the Board with proper regard to confidentiality and due process.

6. RECORDKEEPING

- 6.1. All records must be managed in accordance with the UnitingSA Records Management Procedure and other relevant information management procedures.
- 6.2. Records of each complaint should be maintained separately in an electronic folder.

7. REFERENCES

- 7.1. Conflict of Interest Procedure
- 7.2. Corporate Governance Policy (incl. Appendix 1: Delegations of Authority)
- 7.3. Disclosures of Reportable Information (Whistle Blower Protection) Procedure
- 7.4. Employee Code of Conduct Policy
- 7.5. Employee Grievance Resolution Procedure
- 7.6. Equal Employment Opportunity Procedure
- 7.7. Expenditure Authorisation Procedure
- 7.8. Finance Committee Terms of Reference
- 7.9. Financial Risk Management Policy
- 7.10. Independent Commissioner Against Corruption Reporting Procedure

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- 7.11. Investment Guidelines
- 7.12. Liquidity Management Strategy
- 7.13. People Management Procedure
- 7.14. Privacy Policy
- 7.15. Records Management Procedure
- 7.16. Risk Management Policy
- 7.17. Screening and Police Check Policy and Procedure