

# FRAUD AND CORRUPTION CONTROL Policy

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RESPONSIBLE COMMITTEE:	Audit Committee
CATEGORY:	Institute Governance
DATE APPROVED BY COUNCIL:	25 July 2006
DATE OF NEXT REVIEW:	July 2009
RELATED POLICIES AND DOCUMENTS:	<a href="#">Whistleblowers Protection Act 2001</a> Guidelines relating to Fraud and Corruption Control

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## Purpose

This policy outlines the Institute's commitment to the highest standards of legal, ethical and moral behaviour, and to establishing an organisational culture that will prevent fraud and corruption.

The Australian Standard on Corporate Governance – Fraud and Corruption Control (AS8001:2003) sets a basis for best practice for fraud and corruption management.

## Scope

This policy applies to all staff of the Institute at all campuses of the Institute and to all activities under the control of the Institute.

## Definitions

For the purposes of the Fraud and Corruption Control policy, the definitions below apply.

- “*Corruption*” is defined in *AS 8001-2003* as being a dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity, e.g. false invoicing, material and deliberate misstatement of accounting information, secret commissions, collusive tendering, tax evasion, engaging in misleading and deceptive conduct within the meaning of the *Trade Practices Act*.
- “*Fraud*” is defined in *AS 8001-2003* as being a 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 this 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 normal business purpose or the improper use of information or position, e.g., misappropriation of remittances due to the Institute, credit card fraud, false accounting, releasing misleading or inaccurate information for the purpose of deceiving, misleading or to hide wrong-doing.
- “*Maladministration*” is defined in the *Whistleblowers Protection Act 2001* as an administrative action that is unlawful, arbitrary, unjust, oppressive, improperly discriminatory or taken for an improper purpose and which substantially and adversely affects someone's interests.

## Objectives

The objectives of this policy are to:

- Ensure senior management's commitment for its responsibility for identifying risk exposures to corrupt and fraudulent activities and for establishing controls and procedures for prevention and detection of such activities.
- Reinforce the requirement for all staff and others to refrain from corrupt conduct, fraudulent activities, and maladministration and encourage the reporting of any instance of fraud, corrupt conduct or maladministration.
- Ensure that all staff and others are aware of their responsibilities in relation to the ethical conduct of themselves and their staff (if any).
- Ensure that regular assessment of the risks of corruption and fraud are undertaken, and all suspected corrupt and fraudulent activity are dealt with appropriately.
- Protect the Institute's assets, interests and reputation.

The Director and Associate Directors are responsible for the implementation of this policy through an appropriate fraud and corruption control plan and an effective internal control structure.

## **Responsibility**

Successful implementation of the Fraud and Corruption Control policy requires recognition and incorporation of the following elements:

- *Corporate governance, corruption and fraud control*

The Institute Council, through this policy and other associated guidelines will ensure that key risk exposure areas are identified and that procedures are in place for management to control and monitor these areas in order to prevent fraud. The Council will ensure that South West Institute of TAFE complies with the Australian Standard on Fraud and Corruption Control (AS 8001 – 2003).

- *Executive and management commitment*

The Director, Associate Directors and Department Managers of the Institute must be committed to the active prevention of corrupt or fraudulent activities in a systematic way in order to enhance the operation and reputation of the Institute.

All senior managers must ensure there are mechanisms in place within their area of control to:

- identify and assess the risk of corruption, theft and fraud
- encourage a culture of honest and ethical behaviour, and
- educate employees about corruption and fraud prevention and detection.

Senior managers are expected to bring to the notice of the Audit Committee any potential areas of fraud and corrupt activities as required, and enforce or develop procedures to control and monitor these areas. An annual report will be provided to Council.

- *Reporting and Monitoring*

The Audit Committee is delegated responsibility for monitoring fraud control and prevention and shall report to council at least annually.

The Audit Committee will ensure that internal and external auditors conduct an annual review of fraud prevention systems and controls and that this is reported to the Audit Committee.

- *Fraud and Corruption Management Process*

All staff have the responsibility to report suspected corrupt, theft and/or fraudulent activity. Any staff member who suspects such activity should notify his/her line manager or have the matter dealt with under the provisions of the South West Institute of TAFE Whistleblower Policy.

On receiving a report of suspected fraud or corrupt conduct the line manager must record the details of the report, including the time and date the report is made and details of matters raised.

All reported incidents of suspected fraud or corrupt conduct must be reported to the Associate Director of Corporate Services immediately (where the allegation of fraud or corrupt conduct is against the Associate Director of Corporate Services the incident must be reported to the Director).

## **Staff development and training**

Courses, seminars and presentations on the topics of ethics, corruption and fraud prevention and detection and compliance obligation of individual staff members will be included in the Institute's ongoing staff development, training and awareness programs. Corruption and fraud prevention and detection and related issues should also be included in other relevant staff development and induction activities.