

# Fraud Risk Management Policy

## 1. Purpose

Inala Community House (ICH) is committed to ensuring the integrity of the organisation's finances and assets. Fraud risk management is essential in preventing financial loss, avoiding reputational damage and legal issues.

Having appropriate fraud prevention and identification controls is essential to maintain the trust of the community and of funding bodies and to minimise negative effects to the organisation.

## 2. Scope

This policy applies to all Board members, employees, contractors, students and volunteers. For the purpose of this policy, these persons shall be referred to as workers.

## 3. Definitions

**Fraud:** a wrongful or criminal deception intended to result in financial or personal gain for an individual or someone they know.

**Misappropriation:** to steal something (e.g. money) which has been entrusted to the organisation and then used for personal gain.

**Leadership Team:** comprised of the Chief Executive Officer, Service Managers, the HR and Administration Team Leader and may include other Senior Workers.

## 4. Policy

ICH will not tolerate fraud in any aspect of its operations.

All workers should seek advice when faced with a situation that may benefit or appear to benefit them or someone they know. These uncertain ethical decisions should be discussed openly and transparently with their Manager or the CEO. This can also be a conflict of interest and should be handled and documented in accordance with the ICH *Conflict of Interest Policy*.

### 4.1 Fraud Prevention and Identification Measures

ICH has strategies in place to identify and prevent fraud occurring including, but not limited to:

- Creating an ethical and accountable workplace culture
- Code of conduct for all workers

- Conflict of interest declaration processes
- Budgets in place
- Delegations processes
- Approval processes to make payments
- Receipting requirements for all purchases
- Employee allowance oversight
- Monthly financial reporting to the Board
- Sign out procedures for debit cards
- Having an external auditor
- Two-person authentication for bank transfers
- Information technology security, access and user permissions in place
- Documenting and regularly reviewing fraud risks on the Risk Management Register

All workers must be aware of the risk of fraud and that it can happen in multiple ways including by:

- Misrepresenting facts or circumstances to gain a benefit
- Deleting, concealing or falsifying information to avoid detection of fraud
- Using funds for personal use
- Impersonating a person or other entity (either electronically or in person)
- Creating false personas, websites, contact details, etc.
- Coercing another person to commit fraud

Workers can take practical steps to safeguard against fraud by:

- Avoid clicking links in emails or text messages to make payments
- Not providing banking or debit card information over the phone if a phone call is received, even if it purports to be from the bank or another legitimate agency
- Ensuring that websites visited are legitimate
- Storing debit cards securely
- Providing invoices and receipts
- Questioning anything suspicious or out of the ordinary

## 4.2 Reporting

Any person who suspects that fraudulent activity is occurring, has occurred or identifies vulnerabilities in systems where fraud is likely to occur should report this to a member of the Leadership team or the Chief Executive Officer.

In situations where notification has been provided to a member of the Leadership team, they must then notify the Chief Executive Officer. If the suspected fraud relates to the Chief Executive Officer, then notification should be reported to the Board of Directors via the Secretary.

Any person reporting fraud or suspected fraud shall not be penalised for raising a concern of this nature

## 4.3 Responding to Suspected Fraud

ICH will investigate any suspected fraudulent activity, misappropriation or other irregularities. 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

may be the subject of such investigation. ICH may use an external third party to lead or assist with the investigation or any other matter relating to the fraud or suspected fraudulent activity.

Any fraudulent activity may result in disciplinary action, up to and including termination. Any serious cases of fraud, whether suspected or proven, shall be reported to the relevant and appropriate authorities such as the police, funding body or other relevant party.

#### 4.4 Support

Fraud often happens because an individual or people close to them are struggling with financial or emotional pressure and they identify an opportunity to resolve these issues.

ICH has an open-door policy for workers who are struggling to talk with a member of the Leadership Team and free confidential phone counselling through the Employee Assistance Program.

#### 4.5 Responsibilities

##### **Board**

The Board of ICH 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.

##### **Chief Executive Officer**

The Chief Executive Officer is responsible for:

- Identifying fraud risks and ensuring controls are in place to mitigate risks
- Dealing with and investigating instances of fraud reported

##### **Leadership Team**

All members of the Leadership team must ensure that they:

- Assess the risk of fraud within their area of control
- Educate all staff and volunteers about fraud prevention and detection, and
- Facilitate the reporting of suspected fraudulent activities

Leadership team members should be aware of the types of improprieties that may occur within their area of responsibility and be alert to any indications of such conduct.

##### **Workers**

All workers share in the responsibility for the prevention and detection of fraud. All workers must act honestly, ethically and report any suspected fraudulent activity.

## 5. Review

This policy shall be reviewed every 3 years.

This policy remains in effect unless otherwise determined by resolution of the Board of Directors.

## 6. Related Documents

### **Policies**

ICH Finance Policy

ICH Code of Conduct

ICH Performance Counselling and Discipline Policy

### **Procedures**

ICH Debit Card Procedure