

Fraud, Corruption and Other Losses Policy

1. Introduction

Fraud and Corruption Control Management is an integral component of effective corporate governance, building upon the requirement for transparent and accountable processes, consistent with sound business practices and organisational standards of compliance. Embedding these requirements into day-to-day operations will protect AMES Australia current profile as a good corporate citizen and reduce the likelihood of financial loss or reputation damage as a result of misconduct by employees and others.

All **employees, Board members and Board Committee members** are bound by the Code of Conduct for Victorian Public Sector Employees as stated in the Public Administration Act 2004. The Code of Conduct clearly outlines the standards for ethical behaviour expected of all employees, as well as their obligations regarding reporting unethical behaviour and declaring conflicts of interest.

All **employees, volunteers, partners, subcontractors, Board members and Board Committee members** have an obligation to actively support fraud prevention and detection initiatives and report all instances of suspected fraud and improper or corrupt conduct.

2. Fraud Control Policy and Principles

AMES Australia Board and Management do not tolerate any level of fraud or corruption and has no risk appetite for fraud and corruption perpetrated by staff.

AMES Australia is strongly committed to the detection, prevention and dealing with fraud and corruption by:

- adopting a proactive risk management approach to mitigate the risks and vulnerabilities caused by fraud and corruption before they occur
- creating and maintaining an ethical culture in the workplace which supports vigilance, diligence, loyalty and the courage to report fraud-related or corrupt conduct concerns
- implementing appropriate mechanism for investigation and dealing with incidents of fraud or suspected fraud and/or corruption
- taking measures designed to take corrective actions and remedy the harm caused by fraud and corruption

The *Fraud and Corruption Control Policy* applies to:

- All AMES Australia employees, volunteers, partners, subcontractors, Board members and Board Committee members; and
- Any external party (operating in or outside Australia), involved in providing services, with or without re-imbursment, to any part of AMES Australia, e.g. contractors, consultants, outsourced service providers, suppliers and volunteers.

3. Implementation

To support these principles, AMES Australia will:

- publish fraud control policy and processes containing clearly documented fraud control measures on the Quality System
- implement an Information Security Management system (ISMS) in accordance with AS ISO 27001
- conduct fraud risk assessments annually
- increase awareness of the risks of fraud by providing fraud awareness training to new employees at induction
- provide periodic fraud awareness training, including conflict of interest to ongoing employees and contractors, which is designed to target a variety of audiences including high risk areas
- require professional and ethical practice by employees, consultants/ contractors, volunteers
- conduct required employment screening at time of recruitment and annual police checks for key Payroll personnel
- monitor and actively manage risks posed by conflicts of interest arising
- provide easily accessible mechanisms for reporting allegations of internal and external fraud
- Nominate a Fraud Control Officer to provide oversight of all fraud control measures established
- ensure that fraud risks are appropriately reflected in the Annual Internal Audit Plan, to sufficiently test fraud and corruption related controls
- ensure that Internal Auditors are qualified to look for possible fraud indicators
- investigate allegations of fraud and/or engage qualified external investigators or any other resource deemed necessary to assist with any investigation arising from an allegation of fraud
- where there is proven evidence of fraud or corruption, take appropriate disciplinary measures
- use all lawful avenues to recover money or property lost through fraudulent activity

- ensure all aspects of fraud control are continuously monitored, reported and reviewed
- implement corrective actions necessary if the internal controls measured failed

4. Related Policies, procedures, forms, guidelines or other resources

This policy is dictated by the *Standing Directions 2018* under the *Financial Management Act 1994* (*Direction 3.5- Fraud, Corruption and Other Losses*)

Various AMES Australia policies and procedures contain specific issues relating to fraud and corruption control and should be read in conjunction with this document. These include, but not limited to:

- [Code of Conduct for Victorian public sector employees](#)
- [Risk Management](#)
- [Policies and schedules covering Financial Delegations](#)
- [Purchasing procedures](#)
- [Use of Corporate Card Procedure](#)
- [Gifts, Benefits and Hospitality Policy](#)
- [Gift Cards Procedure](#)
- [Grievances and Dispute Resolution](#) & [Disciplinary/Performance](#)
- [Public Interest Disclosure Policy](#)
- [IT Security policies](#)

5. Evaluation/Reporting/ Review

This policy will be reviewed every two years by the Fraud Control Officer and submitted to the Board via the Finance, Audit and Risk Management Committee for discussion and endorsement. Any revisions to the Policy are to be approved by the Board.

Concerns about fraud, corruption and other losses will be reported to relevant authorities. Where fraudulent activity has been identified as criminal, the CEO in conjunction with the Fraud Control Officer will determine how the police, IBAC and any other relevant authorities are notified.

The Finance, Audit and Risk Management Committee will be informed if a significant event occurs necessitating an incident report. Material matters will also be reported to the Board.

As a Victorian Public Sector agency, AMES Australia is required by the Victorian Auditor General's Office to report annually on compliance with the Financial Management Act 1994. A copy of any report to be provided to the Minister and the Auditor General's Office under the Standing Directions of the Minister for Finance will be forwarded to the Finance, Audit and Risk Management Committee for noting.

6. Definitions

The **AS 8001-2021 Fraud and Corruption Control Standard** defines Fraud and Corruption as follows:

Fraud is dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property (including intellectual property and other intangibles such as information) by persons internal and /or external to the organisation and/or where deception is used at the time, immediately before or immediately flowing from the activity. Fraud 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 for personal financial benefit.

External Fraud is a fraudulent activity where no perpetrator is employed by or has a close association with the target organisation.

Technology-enabled fraud is fraud against or by an organisation which relies heavily on information technologies, and which would not be possible without information technologies e.g. cyber-enabled and cyber-dependent crimes

Corruption is a dishonest activity in which a person associated with an organisation (e.g. director, executive, manager, employee or contractor) acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal gain or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interest of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.

Bribery is offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly and irrespective of location(s) in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties

7. References

- Australia Standard AS8001-2021 Fraud and Corruption Control
- Independent Broad-based Anti-corruption Commission Act 2011 (<https://www.ibac.vic.gov.au/publications-and-resources>)
- Fraud, Corruption and Other Losses Directions 3.5 ([Standing Directions 2018 under the Financial Management Act 1994](#))
- Code of Conduct for Victorian Public Sector Employees (<https://vpsc.vic.gov.au/resources/code-of-conduct-for-employees>)
- Public Interest Disclosure Act 2012 (<https://www.legislation.vic.gov.au/in-force/acts/public-interest-disclosures-act-2012/026>)

This Policy has been approved by AMES Australia Board on 27 April 2022. Next review is 27 April 2024.