



JUMBUNNA COMMUNITY PRESCHOOL AND EARLY INTERVENTION CENTRE INC.

QUALITY AREA 7: LEADERSHIP AND SERVICE MANAGEMENT

FRAUD AND CORRUPTION POLICY

Statutory Legislation & Considerations

- Children (Education & Care Services) Supplementary Provisions Regulation 2019
- Children (Education & Care Services) Supplementary Provisions Act 2011

Jumbunna Policies

- Staff Code of Conduct reviewed 2017
- Code of Ethics and Conduct reviewed 2017
- Complaints and Feedback Policy reviewed 2017

Legislation/Acts

- Independent Commission Against Corruption Act 1988
- Public Interest Disclosures Act 1994
- Australian Standard: AS 8001-2003 Fraud and Corruption Control
- Australian/New Zealand Standard: ISO 31000:2009 Risk Management

1. Purpose

The purpose of this policy is to protect the assets and reputation of Jumbunna Community Preschool and Early Intervention Centre Inc ABN 49 903 929 508 (“**Jumbunna**”) by:

- reinforcing the commitment of the Management Board of Jumbunna (“**Board**”) and the General Manager to, and their responsibility for, identifying fraudulent and corrupt activities and for establishing policies, controls and procedures for prevention and detection of these activities;
- reinforcing the requirement for all employees (including volunteers) and others to refrain from corrupt and fraudulent conduct and encourage the reporting of any instance of fraud or corrupt conduct;
- providing a framework for the conduct of investigations to ensure that all suspected fraudulent and corrupt activity is dealt with appropriately; and
- assigning responsibility for the development of controls to prevent and detect fraud.

2. SCOPE

- 2.1 This policy applies to all Board members, employees (including casual or permanent staff) volunteers, students and contractors of Jumbunna
- 2.2 Any irregularity or suspected irregularity involving a vendor, consultants or any other third party agencies doing business with Jumbunna or its officers, employees (including casual or permanent staff) volunteers, students or contractors, is included in the scope of this policy.
- 2.3 The policy does not have regard to the officer's/employee's/contractor's length of service, title or relationship to Jumbunna.

3. Legislative landscape

The jurisdictions in which Jumbunna does or may do business have introduced specific legislation to counter fraud and corruption, and in Australia this is the ***Criminal Code Act 1995*** (Cth). Such legislation has implications for how Jumbunna operates.

4. Definition of corruption and fraud

- 4.1 **Corruption** is defined (for the purposes of this policy) as a dishonest activity in which a Board member, employee (including casual or permanent staff), volunteers, students and contractors of an entity acts in a manner that is contrary to the interests of Jumbunna 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.
- 4.2 Examples of **corrupt conduct** include, but are not limited to:
- (a) payment of secret commissions (bribes, facilitation payments or gratuities) in money, or some other value, to other businesses, individuals or public officials;
 - (b) receipt of bribes or gratuities from other businesses, individuals or public officials;
 - (c) release of confidential information, for other than a proper business purpose, sometimes in exchange for either a financial or non-financial advantage;
 - (d) a staff member manipulating a tendering process to achieve a desired outcome; and
 - (e) a conflict of interest involving a staff member acting in his or her own self-interest rather than in the interests of Jumbunna.
- 4.3 **Fraud** is defined as an intentional act by one or more individuals among management, those charged with governance, Board members, employees (including casual or permanent staff), volunteers, students and contractors or other third parties, involving the use of deception to obtain an unjust or illegal advantage.
- 4.4 A fraud can typically result in actual or potential financial loss to any person or entity however this is not always the case. Examples of fraud could include, but are not limited to:
- (a) misappropriation of funds, securities, stock, supplies or other assets including use of assets for private purposes;
 - (b) causing a loss to Jumbunna or creating a liability for Jumbunna by deception;
 - (c) impropriety in the handling or reporting of money or financial records;
 - (d) profiting from insider knowledge of Jumbunna's activities or intended activities;
 - (e) accepting or seeking anything of value from contractors, vendors or persons providing services or goods to Jumbunna;
 - (f) false invoicing for goods or services never rendered or backdating agreements;
 - (g) submission of exaggerated or wholly fictitious accident, harassment or injury claims; and
 - (h) misuse of sick or family leave.

5. Policy

- 5.1 Jumbunna requires all Board members, employees (including casual or permanent staff) volunteers, students and contractors at all times to act honestly and with integrity and to safeguard Jumbunna resources for which they are responsible. Jumbunna is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits.

- 5.2 Any fraud or corruption committed against Jumbunna is a major concern and as a consequence all cases will be thoroughly investigated and appropriate disciplinary action will be taken against any staff member who is found guilty of corrupt or fraudulent conduct. This may include referral to the appropriate law enforcement or regulatory agencies for independent investigation.

6. Code of conduct

Jumbunna's staff code of conduct assists in preventing fraud and corruption within the Service and Jumbunna specifically requires all Board members, employees (including casual or permanent staff) volunteers, students and contractors to comply with the code.

7. Fraud and corruption control

- 7.1 The Board and General Manager intend to '**set the tone at the top**' in respect of fraud and corruption control and shall:

- (a) ensure that there is an effective fraud and corruption risk management framework in place;
- (b) understand the fraud and corruption risks to which Jumbunna is exposed;
- (c) maintain oversight of the fraud risk assessment and the controls in place to mitigate the risks identified; and
- (d) monitor reports on fraud risks, policies and control activities that include obtaining assurance that the controls are effective.

- 7.2 The Management Board and General Manager shall:

- (a) foster an environment within their businesses that makes active fraud and corruption control a responsibility of all officers, employees and contractors;
- (b) articulate clear standards and procedures to encourage the deterrence of fraud and corruption; and
- (c) detect and report offences should they occur.

All Board members, employees (including casual or permanent staff) volunteers, students and contractors are responsible for complying with Jumbunna's policies and procedures, codes of conduct and ethics, avoidance of conflict of interest and maintaining vigilance in early detection, reporting and prevention of fraud and corruption.

- 7.3 The General Manager is responsible for:

- (a) communicating and raising awareness of the risks relating to fraud and corruption with their employees and for ensuring compliance with Jumbunna's policies and procedures, adequate ratios of employees and levels of staffing are in place;
- (b) establishing and maintaining adequate internal controls that provide for the security and accountability of Jumbunna's resources and prevent/reduce the opportunity for fraud and corruption to occur.

- 7.4 The external and/or internal auditors (as appropriate) will be instructed, as part of their audit activity to:

- (a) assess the adequacy and effectiveness of Jumbunna's fraud and corruption risk management processes, in line with Jumbunna's risk management policies;
- (b) support the Management Board with any investigation of any suspected fraud or corrupt activity;
- (c) monitor theft or misuse of inventory by auditing and investigating any inventory variances;

- (d) deliver asset audits with a focus on protecting and substantiating Jumbunna's assets, with the main focus of these audits being on cash and point of sale procedures, inventory management, physical security and other asset and customer level processes;
- (e) ensure that fraud and corruption risk is being appropriately managed and controlled by staff when auditing business units including compliance with this policy; and
- (f) analyse any loss trends arising from fraud and implement and maintain best practice techniques and controls to prevent and detect fraud and corruption.

Additionally, any specific fraud risks (with high or moderate risk rating) identified and/ or flagged will form part of an annual external and/or internal audit program (as appropriate).

7.5 The General Manager is also responsible for:

- (a) ensuring that adequate procedures are in place that address:
 - (i) appropriate security screening and selection of officers and employees;
 - (ii) disciplinary/dismissal procedures;
 - (iii) employment contracts that include relevant conditions of employment relating to fraudulent and corrupt conduct;
 - (iv) monitoring of annual leave entitlements to ensure that officers, employees and contractors do not accumulate excessive annual leave entitlements e.g. two weeks over and above their yearly entitlement; and
 - (v) clarification and formalisation of responsibilities/segregation of duties (where possible, these should be included in relevant position descriptions);
- (b) providing regular training in respect of this policy that will:
 - (i) assist with the identification of fraud and corruption risk;
 - (ii) provide effective fraud and corruption mitigation techniques; and
 - (iii) enforce Jumbunna's zero tolerance policy on fraud and corruption; and
- (c) ensuring that relevant officers and employees of Jumbunna certify annually that they have complied with this policy and all applicable anti-fraud and corruption laws.

7.6 The General Manager and Management Board is responsible for making any recommendations regarding the placement and maintenance of insurance cover for crime, fraud and fidelity risk for Jumbunna.

7.7 Jumbunna's Board and General Manager must implement robust processes and controls in relation to expenditure, investments and transfers of money. Provisions, losses and write offs in relation to fraud must be made in accordance with Jumbunna's accounting policies and procedures. Undisclosed or unrecorded funds, payments or receipts are prohibited.

7.8 Jumbunna's Accountant will provide advice and requisite management assistance regarding any prospective investigation or litigation linked to a fraud or corruption event.

8. Investigation protocols

8.1 If an investigation identifies that fraud or corruption has occurred, the General Manager may escalate the matter in accordance with **section 9** below.

- 8.2 Decisions to prosecute or refer the examination results to the appropriate law enforcement or regulatory agency may be made in conjunction with Jumbunna's General Manager and Management Board.
- 8.3 In the event of an investigation, members of the investigating team will have free and unrestricted access to all of Jumbunna's records and premises. They will have the authority to examine, copy and remove any information within the scope of the investigation.

9. Reporting

- 9.1 Any officer, employee or contractor who suspects fraud or corrupt activity has the ability to report the matter confidentially to the General Manager, in the first instance.
- 9.2 It is the responsibility of all officers, employees and contractors to report all suspected, attempted or actual fraud or corruption incidents. All information received is treated confidentially by the General Manager and their relevant support staff.
- 9.3 Investigations will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know.
- 9.4 The escalation requirements are found in the table below upon receiving a report of suspected fraud or corruption.

Nature & size of report	Escalation
Any report of suspected fraud or corruption received by management, where the incident meets the definition of corruption (regardless of the financial impact)	Report to the General Manager – investigation and response/action. The General Manager will discuss the matter, including any legal action or required disclosure, with the Board as appropriate.
Where the incident is fraudulent in nature and the financial impact is greater than \$10,000	General Manager will prepare an immediate report for the Management Board. The General Manager will discuss the matter, including any legal action or required disclosure, with the Board, as appropriate.
Where the incident has a financial impact of less than \$10,000 and the matter can be immediately contained.	The General Manager will ensure the incident is reported in their monthly report to the Management Board

DOCUMENTATION

Documents related to this policy	
Related policies	Governance and Management of The Service; Financial Management; Budget Management and Monitoring; Risk Management; Insurance Management;
Forms, record keeping or other organisational documents	

Policy Name:	Fraud and Corruption	Policy Number:	
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