Statement

This policy and procedure defines the framework for effective fraud prevention, control, detection and reporting measures regarding persons dealing with funds or assets belonging to the College or from related College activities.

Definition

This policy and procedure applies to and is binding upon all employees of the College. It also covers persons associated with fundraising or activities that involve procurement of services/assets for the College, staff, students or the wider community.

Rationale

- To ensure that all staff and persons directly associated with the College are aware of their obligations to act in an honest way and to assist in the control and detection of fraud.
- To establish and maintain effective fraud prevention, control, detection and reporting measures.
- To provide a clear statement to all employees and/or associated persons, forbidding any illegal activity including fraud.
- To provide assurance that any and all suspected fraudulent activity will be fully investigated.
- To ensure that principles of natural justice are applied in the investigation of any potential fraudulent activity.

Guidelines

Definitions and Acronyms:

Fraud is a criminal offence, and people who perpetrate fraud are punishable by law as well as being subject to disciplinary action by their employers.

Fraud is the use of deceit, trickery or unethical practices to gain an unfair or dishonest advantage. It usually involves theft, resulting in loss of monies, property, intellectual property or information. Types of fraud include:

- Manipulation fraud - this includes, but is not limited to, unauthorised access of staff or student records, misuse of password, unauthorised alteration or deletion of data, unauthorised modifications of application programs, diversion of funds and unapproved write-off of debts.

- Procurement fraud - this involves corrupt dealings with suppliers or falsification of supplies. It includes corrupt dealing in return for "kick-backs" or gifts.

- Awarding of contracts - any person authorised to arrange purchases is required to obtain “best value” in relation to any contracts awarded by the College. This includes ensuring that best value principles are not overshadowed by personal relationships and highlighting any conflict of interests that may arise. The policy requires the Principal, Business Manager and other authorised persons to apply market tests e.g. obtaining multiple written quotes or to call tenders for significant purchases.
• Asset disposal – asset disposal fraud can occur when an item of equipment being disposed is sold at an unrealistically low price to an employee or associate, an asset is recorded as asset write-off and the proceeds from sale are retained by the employee or an asset is given or sold to an employee or an associate and the item is replaced or disposed of unnecessarily.

• Cash handling – cash handling fraud can occur on any scale from misuse of petty cash funds to electronic funds transfer of monies from account to account.

• Use of equipment and/or facilities – using the assets of the College for unauthorised purposes (refer to the Use of College Equipment Policy No. 27) is fraud. Excessive private use of equipment such as mobile telephones, laptops and photocopiers is also an example of this type of fraud.

• Disclosure of information - fraud can occur when an employee or associate of the College uses personal details of clients (e.g. staff, students, parents, suppliers) and employers for personal gain.

• Record keeping, checking and approval procedures - fraud can occur where records do not exist or are inadequate to record details of all transactions, records are falsified, including contracts, financial reports and statements, purchase orders, timesheets, travel claims, petty cash vouchers and cheque signatures and payment details or checking or approval arrangements are inadequate or do not fully comply with current policies and procedures.

It should also be noted that concealing a fraud is committing a fraud.

Policy and procedure provisions:

Staff of the College should be aware of the potential risk areas for fraud. All employees and/or related persons associated with the College have an obligation to report any suspected fraud in accordance with the following reporting provisions.

The Business Manager accepts responsibility for the prevention and detection of fraud and is responsible for ensuring that appropriate and effective internal control systems are in place. The Business Manager will institute administrative control practices to eliminate the potential for fraud. Maintenance of proper and timely business records provides the best method of tracing misappropriated funds and acts as a deterrent for fraud to occur. In any payments or cash handling procedure/situation, at least two people shall be involved in checking the veracity and accuracy before payment is made or funds are receipted.

The College may ask its auditor to specifically report on the adequacy of existing control, detection and reporting arrangements and to make recommendations on any measures which will improve the College’s prevention of fraudulent activity.

Fraud prevention measures include:

• Remaining vigilant for irregularities, including payment patterns, excessive presence of service and maintenance contractors, and increasing motor vehicle expenses.
• Randomly checking all activities in the organisation.
• Being aware of changes in staff behaviour that could be indicative of personal problems which, if monetary related, may lead to fraudulent activities.
• Regularly examining purchasing procedures, account payments, and receipts and reconciliations.
Staff have a responsibility to:

- regularly update computer passwords;
- not share passwords;
- update user access to databases following changes in roles; and
- delete users who have left the College or no longer require access to databases.

Fraud reporting:

All reports of suspected fraud shall be made in the first instance to the Principal. Suspected fraud by the Principal should be reported directly to the Chair of the College Board of Management.

The Principal shall ensure that no person making a report of suspected fraud shall be victimised in any way. Confidentiality will be maintained unless it is unreasonable to do so.

Confidentiality:

Strict conditions of confidentiality must be applied during the course of any investigation into allegations of fraud. No finding of fraud can be made until the person against whom an allegation is made has been informed of the substance of the allegation (including supporting evidence) and has been given the opportunity to explain and/or defend themselves against the allegation. The principles of natural justice and procedural fairness shall be applied in dealing with any allegation of fraud.

In order to avoid damaging the reputations of innocent persons initially suspected of wrongful misconduct, and to protect the College and its employees from potential civil liability, the results of investigations will be disclosed or discussed only with those persons who require this knowledge in the proper performance of their role or function.

Complainants will generally be advised of the ultimate outcome of any investigation into an allegation made by them.

Reporting to External Authorities:

In cases which involve serious criminal fraud, the Principal shall refer the matter to the police or other competent authority.

The Business Manager shall ensure that the College’s insurers are informed of any allegation of fraud which might give rise to a claim under its insurance policies.

The Principal is also advised to seek professional legal assistance to ensure that any investigation preserves the integrity of any criminal investigation, protects innocent persons, limits the potential for unnecessary litigation and meets the College’s requirements for proper investigation and adoption of natural justice principles.

Supporting/Related Documents/Procedural Documentation:

Legislation, charters, other policies and procedures and also the procedural documentation required.