



## **Managing Fraud and Dishonest Behaviour Policy and Procedures**

**Approved by the St Vincent de Paul Society NSW Board on 1<sup>st</sup> February 2014.**

### **Version Control**

Contact names	Role / position	Version number	Date	Review date
Paul Wilkinson	Policy Manager	3	January 2014	January 2016

## Policy Statement

St Vincent de Paul Society NSW is committed to providing an ethical workplace for all Society Members, Volunteers and Employees where fraud, dishonest behaviour, theft and serious waste of Society money or resources will not be tolerated.

All Society Members, Volunteers and Employees have a responsibility:

- to report any instance of fraud, dishonest behaviour, theft or serious waste of Society money or resources by any individual of which they are aware of or reasonably suspect, and
- also to help prevent fraud, dishonest behaviour, theft and serious waste of Society money or resources occurring and to act at all times in accordance with the Society's Code of Conduct requirements.

In line with the Society's risk management framework, the Board and management are responsible for managing and controlling the risks of fraud and dishonesty.

## Scope

This policy applies to all Society Members (Conference, Associate and Volunteer), Volunteers and Employees.

This policy covers the following:

- **Fraud** -includes any actual or potential financial loss to any person, outside the organisation or the Society, whilst undertaking Society responsibilities, as well as the falsification of any documents, or financial records.
- **Dishonest behaviour** -includes behaviour which causes any loss, or damage to the Society, such as misuse of information, dishonest breaches of privacy and confidentiality, acceptance of any gifts or personal benefits over a defined value as well as any unacceptable behaviours which are contrary to the Society's Code of Conduct.
- **Theft** -includes thefts of any Society owned property, such as donated goods, money, welfare vouchers, and any Society payment facilities such as credit, purchase cards and taxi vouchers and any client property for personal or another's use. It also includes any action which results in an authorised personal gain at the Society's expense such as a false timesheet or claiming non-existent or excessive expenses. This includes the theft of any property belonging to anyone who might be assisted by the Society.
- **Serious waste of Society money or resources** -includes the deliberate or wasteful use of resources, at the expense of the Society. It includes failure to explore the cheapest options of doing something or not accepting the cheapest quote without a good reason. (See the Society's *Delegations of Financial Authority 2013* e.g for expenditure >\$30,000, at least 3 quotes must be obtained and records kept to justify the decision taken)

Detailed definitions (below) and examples at Appendix A are provided in this document.

This policy replaces *St Vincent de Paul Society NSW- Dealing with Fraud Policy-2011*.

This Policy should be read in conjunction with the Procedures below, which are also part of this document and in conjunction with the *St Vincent de Paul Society NSW-‘Speak up’ Whistleblowing Policy and Procedures*.

## Purpose

This policy details the Society’s commitment to the prevention and detection of fraud and dishonesty against the Society by any person.

The purpose of this policy is to:

- reinforce the Society’s commitment to not tolerating fraud, dishonest workplace behaviour, theft and serious waste of resources or money
- communicate and embed the Society’s zero tolerance approach to such conduct
- provide clear guidance about what constitutes fraud, dishonest behaviour, theft and serious waste of resources or money
- detail the responsibilities of Society Members, Volunteers and Employees (including specific responsibilities for particular staff, supervisors and managers) in relation to preventing fraud, dishonest behaviour, theft and serious waste of resources or money
- outline the consequences for those who engage in such conduct
- require all Society Members, Volunteers and Employees to report any incidents covered by this policy

## Definitions

**Code of Conduct** -sets out minimum mandatory expected standards of workplace behaviour. See the Society’s Code of Conduct 2013.

**Conflict or interest** -is “a situation in which a person has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties...” (“Charitable Conflicts of Interest”, *Journal of Business Ethics* 39:1-2, 67-74, August 2002, p.68). It is important to note that conflicts of interest can exist when pursuing personal gain as well as avoiding personal losses. Interests can be pecuniary (financial) or non-pecuniary. See the Society’s Conflict of Interest Policy, 2011.

**Dishonest behaviour** – involves actions which are not consistent with the ethos of the Society and standards of expected behaviour as detailed in the Code of Conduct.

**Employee** - is a person who is hired to provide services in exchange for compensation (pay) (Australian Taxation Office, 2012). An employee is a paid member of staff. The Rule (Part III, 2012, Article 26) describes the role of employees in a way that clearly refers to paid persons as ‘employees’. This includes contractors providing services to the Society for a set time or specific task and those engaged in the performance of duties for the Society from a labour hire agency.

**Fraud** -is causing actual or potential financial loss to any person, or the Society through the use of deception at the time, immediately before or immediately following the activity. This includes the deliberate falsification, concealment, destruction or use of falsified

documentation used or intended for use for a normal purpose or the improper use of information or position for personal benefit. It also includes fraudulent financial reporting. The fraud could be committed by any Society Member, Volunteer or Employees or by anyone outside the Society.

**Fraud Prevention Framework** -a set of components which provide the foundations and organisational arrangements for designing, implementing, monitoring and continually improving the prevention of fraud and dishonesty in the Society.

**Integrity Hotline and website reporting**

An Integrity Hotline (1800 xxxx) is a confidential telephone line managed and staffed by an independent third party for anyone to call between the hours of 6.00pm and 8.00pm (Monday to Fridays) for advice and for making legitimate allegations of wrongdoing either anonymously or not, for investigation. The Integrity Hotline number and online website reporting address will be widely published both on the Vintranet and on the Society's internet webpage. It is a confidential service, provided by a highly respected third party which will provide a report of every allegation or wrongdoing received through the hotline or online to the Society's Whistleblower Officer. A Fact Sheet on the Integrity Hotline and website for online reporting is also available.

**Managers and supervisors** -in this document are those who manage another individual by giving instructions or orders, setting work rosters, agreeing on standards of performance, priorities and approval expenditures or actions undertaken by another.

**Non-pecuniary interest** -is defined as any private interest that does not relate to money arising out of kinship, friendship, membership or involvement or interest in an activity.

**Pecuniary interests** -are defined as interests a person has in a matter because of the reasonable likelihood or expectation of financial gain or loss to the person or another person whom the person is associated.

**Potential areas of fraud, dishonest behaviour** -examples are detailed at Appendix A. This is not an exhaustive list.

**Serious waste of resources or money** -usually involves the deliberate uneconomical, inefficient or ineffective use of resources which results in loss/wastage of Society resources or money. When addressing any complaint of the seriousness of the waste of resources or money the nature, the circumstances (for example where the actions leading to this were deliberate, reckless or careless in nature, or the frequency of occurrence) and value as well as the actual impact on the Society needs to be taken into account. Donors rightly expect that donations given will be used appropriately and not wasted by the Society. A number of examples are at Appendix A.

**Society Member** -in this policy this refers to Conference, Associate and Volunteer Members of the Society who have been registered by a procedure established by the NSW State Council.

**Theft** -is the deliberate permanent misappropriation of any Society property, or property belonging to anyone being assisted by the Society without appropriate consent by any person.

**Token value** -is where a gift or benefit such as hospitality is less than approximately \$25 in value

**Volunteer** -in this policy a volunteer is a person who performs unpaid work. The term 'volunteer' applies to students, interns, corporates, and others who perform unpaid work for the Society such as through various schemes including 'work for the dole' and 'community service order' schemes.

### **Whistleblower Officer**

A person authorised by the Society to receive protected disclosure allegations of wrongdoing under this policy.

## **Related Policies**

St Vincent de Paul Society NSW-Code of Conduct 2013

St Vincent de Paul Society NSW -Business Ethics Statement (under development)

St Vincent de Paul Society NSW-Conflict of Interest Policy 2011

St Vincent de Paul Society NSW-'Speak up and Whistleblowing Policy and Procedures (under development)

St Vincent de Paul Society NSW-Complaint Handling Policy and Procedure (under development)

St Vincent de Paul Society NSW-Workplace Manual 2008

St Vincent de Paul Society NSW-Delegations of Financial Authority 2013

St Vincent de Paul Society NSW-Privacy and Confidentiality Policy 2010

## **Roles and Responsibilities**

Each person who works for the Society has a number of responsibilities under this policy. Some of the key responsibilities include:

**NSW, State President** -receives reports of investigations into any allegations against Members in this policy

**Chief Financial Officer** -receives reports of investigations into any allegations against employees and volunteers in this policy and liaison as appropriate with external agencies such as the Police

**Central Council Presidents** -receives reports of investigations into any allegations against Members in their area in this policy

**Executive Officers** -receive reports of investigations into any allegations against Members in their area in this policy

**Internal Audit and Risk Manager** -receives allegations and reports from individuals in the Society and undertakes appropriate investigations in accordance with this policy and provides advice on the use of the policy in the Society. Reports are also received from the Integrity Hotline and email provider.

**Managers and supervisors** -ensure appropriate practices and procedures are in place to reduce the likelihood of fraud, dishonest behaviour or theft occurring in the workplace and

ensuring that any allegations covered by this policy are immediately reported to the Internal Audit and Risk Manager.

**All Members, volunteers and employees** -taking responsibility for workplace behaviour and ensuring compliance with the Code of Conduct at all times at work as well as reporting any instances of fraud, dishonest behaviour, theft or serious waste of Society money or resources promptly to either their manager or supervisor or the Internal Audit and Risk Manager.

The detailed roles and responsibilities for Members, volunteers and employees for this policy are detailed in Appendix B

## Procedures

These Procedures describe how this policy is to operate in the Society and should be read in conjunction with the policy above.

### 1. Introduction

Any fraud or dishonest behaviour impacting the Society is of major concern and has the potential to adversely impact the Society's public reputation.

If the Society becomes aware of allegations of fraud, dishonesty, theft or serious waste of Society money or resources, the Society will investigate the allegations. The Society may notify the Police, the Australian Charities and Not-for-profits Commission (ACNC) and or the Australian Securities and Investments Commission (ASIC) as an incorporated charity, as appropriate.

A guide to the types of activities covered by this procedure is at Appendix A. Detailed roles and responsibilities of all individuals in the Society under this procedure are at Appendix B.

A form which can be used for allegations received or made by an individual is at Appendix C. A flowchart showing the overall procedure is at Appendix D.

### 2. Reporting allegations

All Members, Volunteers and Employees have a responsibility in this policy to report dishonest behaviours or activities (or which they reasonably believe may involve fraud, dishonest workplace behaviour, theft and any serious waste of Society money or resources). Reports of such activities should include:

- an actual observed or known occurrence of fraud, dishonesty, theft or serious waste of Society money or resources, or
- one or more unusual incidents or activities which an individual believes could constitute fraud, dishonest workplace behaviour or theft
- a reasonable suspicion that a potential occurrence of fraud, dishonesty, theft or serious waste of Society money or resources has occurred.

#### 2.1 Making a report

An allegation of fraud, dishonest behaviour, theft or serious waste of Society money and resources can be made by a number of means:

- in writing or by email
- by telephone
- by contacting the Society's Integrity Hotline (1800 xxxxxxxx)

## **2.2 Submitting a report**

If you are a Member you can submit an allegation orally or in writing to any of the following:

- Central Council President, or Conference President,
- Central Council Executive Officer,
- NSW State President,
- Chair of the Audit Risk and Finance Committee,
- Integrity Line,
- Internal Audit and Risk Manager,
- Chief Financial Officer (CFO) and/Company Secretary

If you are an employee or a volunteer you can submit an allegation orally or in writing to any of the following:

- your manager or supervisor,
- Central Council Executive Officer or State Support Office Executive Officer (as appropriate),
- Chair of the Audit Risk and Finance Committee,
- Integrity Hotline,
- Internal Audit and Risk Manager,
- Chief Financial Officer and/Company Secretary

Any other person can submit an allegation orally or in writing to any of the following:

- Integrity Hotline,
- Chief Financial Officer,
- Chief Executive, NSW State Council,
- Chairperson of the Society's Audit, Risk and Finance Committee

Whenever allegations are made orally, the individual who has received the allegation should make sufficient notes so that the matter can be investigated.

## **2.3 What details should be recorded in any reported allegation?**

- The nature of the conduct or behaviour, details of when the incident or incidents occurred, the individual or individuals who are involved in this conduct, where the incident/s occurred, details of witnesses or others who might be aware of the matter.
- Your name and telephone number, so that the investigator can seek further information or clarification if required.

The Society acknowledges that some individuals may wish to make an anonymous allegation, and such allegations will be investigated in the same manner. Sufficient information needs to be provided so that a thorough investigation can be conducted.

## **2.4 Forwarding report to the Internal Audit and Risk Manager**

The allegations must be provided to the Internal Audit and Risk Manager immediately by the person who has received them. The Internal Audit and Risk Manager will immediately acknowledge receipt in writing (unless the allegation has been made anonymously) and inform the person who has made the allegation that the matter will be investigated and concluded within the next 30 days. The Internal Audit and Risk Manager will advise the person making the allegation if the matter is not likely to be concluded within a period of 30 days.

The Internal Audit and Risk Manager will also liaise with the Chief Financial Officer depending on the circumstances in case the matter needs to be referred to the Police.

## **2.5 Protection of those reporting**

Any individual making an allegation in good faith in accordance with this policy will not be disadvantaged. It is unacceptable for anybody to take detrimental action against a person for doing so.

If an individual making an allegation feels that they are being disadvantaged in any way or that any detrimental action has been undertaken, this should be reported to the Chief Financial Officer.

Anyone who reports incidences of fictitious or false nature based on insufficient facts which in turn causes undeserved detriment to another Member, Volunteer or Employee may be subject to performance management or disciplinary action. Also see the Society's 'Speaking Up' and Whistleblower Policy.

## **2.6 Confidentiality**

The Society is committed to providing those who report instances of fraud, dishonest behaviour, theft or serious waste of Society money or resources in accordance with this policy, with the utmost privacy and confidentiality. Those who receive such allegations will keep the subject matter and any names of those involved as confidential, other than to provide sufficient details (using the Form at Appendix C) to the Internal Audit and Risk Manager.

Confidentiality must be maintained at all times, by those who might receive an allegation, those who might be asked to investigate the allegation and any individual who might be asked to provide information as part of any investigation.

A person who makes an allegation must not disclose information about the allegation to any person. The individuals to whom this policy and procedure apply have a responsibility to observe confidentiality at all times while a matter is under investigation and to fully cooperate with those undertaking such investigations.

## 2.7 Reports to be investigated

Once the allegation has been assessed by the Internal Audit and Risk Manager a decision is made in conjunction with the Chief Financial Officer on who will undertake the investigation and how it will be carried out. If this assessment determines that the allegation does not come within the scope of this policy, the person making the allegation should be informed if not made anonymously and advised what other options might be available.

Where a allegation might involve a Central Council President, or the NSW State President, or an Executive Officer or the Chief Executive, the Complaints Handling Officer must raise the matter with the Deputy Chief Executive, or if it involves the Deputy Chief Executive, with the Chief Executive to determine how and by whom the complaint will be investigated.

Generally the investigation may be undertaken by:

- the Internal Audit and Risk Manager, or
- any suitably skilled employee of the Society with the assistance of the Internal Audit Risk Manager, or
- a third party engaged externally by the Society to undertake the investigation with the assistance of the Internal Audit Risk Manager, or
- the Police.

## 2.8 ASIC Reporting

The Chief Financial Officer is responsible for notifying ASIC as required by legislation.

## 2.9 Australian Charities and Not-for-Profits Commission (ACNC) Reporting

The Chief Financial Officer is responsible for notifying the Australian Charities and Not-for-profit Commission as required by legislation.

The legislation requires charities to report breaches as soon as practicable, and no later than 28 days after the Society has knowledge of the breach. *ACNC Form 3C Notification of contravention or non-compliance* can be used to notify the ACNC. (Available on the ACNC website) the ACNC expects instances of high value fraud or theft or where there is media or public interest, to be reported immediately.

Low value incidents may not seem important but may be an indicator of organised behaviour or a cultural issue and can pose serious risks. If the Society decides that fraud is too minor to report, it must keep records and document its decision in each case. The ACNC recognises that reporting an incident is one way to demonstrate that the Society's Board is dealing appropriately with the matter.

## 2.10 False, trivial or vexatious allegations

If upon investigation any allegation is found to be false, unfounded, trivial or vexatious the individual who made the allegation may be subject to performance management or disciplinary action. See also the Society's 'Speaking up' and Whistleblower Policy.

### **3. Investigating allegations**

#### **3.1 Introduction**

It is important that the person undertaking the investigation ensures that any Members, Volunteers or Employees who are part of the investigation are accorded procedural fairness, including a right of reply to any allegations made against them. The results of the investigation will be notified to those who have submitted a non-anonymous allegation at the conclusion of the investigation.

#### **3.2 Initial investigation**

It may be necessary to speak to the person who has made the allegation (if this is not anonymous) to clarify and seek additional information. Supporting documentation comprising copies of original documents, should be obtained discretely and examined and supporting evidence placed securely in an investigation file. If the allegation has included details of witnesses or others who might have information about the allegation, the investigator should speak to these individuals to clarify the information received.

The investigator should speak to the individual against whom an allegation has been received. Any discussions undertaken should be carried out in a manner which does not make the individual(s) feel uncomfortable. The following points to consider during the initial investigation:

- The discussion should be kept as informal as possible
- The meeting should be held away from the normal workplace, in private, to avoid any unnecessary suspicion or embarrassment
- Detailed notes should be made for later reference (including date and time of discussion, names and contact details of those present, any reactions to the issues discussed and any other information)
- Discussions should be focussed on the subject matter of the allegation
- No direct accusations should be made, the investigator is merely establishing the facts at this stage
- Adequate time should be allowed to enable the individual to collect any supporting documentation or information to support their explanation for the alleged incident

- Despite the informal nature of the meeting, the investigator should allow the individual the support of a friend, if requested

### 3.3 Conclusion of initial investigation

Following assessment of the information obtained in the investigation there are two possible outcomes:

- **Closure of the investigation** -the evidence suggests that the investigation should be closed as the allegations have not been proven. Clarification of the facts and explanations received as appropriate support this conclusion.
- **Further investigation** -the investigation and evidence gathered indicate that fraud, dishonest behaviour, theft or serious waste of Society money or resources may have occurred and that any explanations obtained have not been sufficient to disprove the allegation. There is also a reasonable suspicion that a fraud, dishonest behaviour, theft or serious waste of Society money or resources, warranting further investigation is required.

The investigator in conjunction with the Internal Audit and Risk Manager (if not acting as investigator) prepares a report recommending either of the above courses of action which is presented to the Chief Financial Officer, appropriate Executive Officer and Central Council President if the matter involves a Member.

### 3.4 Review of initial investigation and report

The Chief Financial Officer, in consultation with the relevant Executive Officer and Central Council President (if the matter involves a Member) will review the initial report and recommendations and will decide what action should be taken. At this stage if the matter is of a criminal nature and the police have not already been notified, the Chief Financial Officer will contact the police, after discussions with the Chief Executive Officer and the NSW State President.

If it is decided that more information might be required before a decision can be made, a further investigation might be warranted. The nature of this will depend on the activities taken to date, guided by the Internal Audit and Risk Manager and may include:

- Further review of relevant supporting documentation
- Interviews with appropriate relevant individuals who may or may not have already been included in the initial investigation
- Formal interview with the individual suspected of fraud, dishonesty, theft, or serious waste of Society money or resources
- The specialist or complex nature of the suspected activity which may require the engagement of specialised external support
- Who will undertake the further investigation
- Likely cost of the investigation to the Society

If the individual suspected of fraud, dishonesty, theft, or serious waste of Society money or resources is occupying a position where future incidents have the potential for reoccurrence while the investigation is underway, it may be necessary to consider suspending or temporarily transferring to another area.

In general, it is suggested that the further investigation be led by an individual who is not the immediate manager or supervisor of the individual being investigated.

### **3.5 Further investigation**

The further investigation will assess the information and evidence gathered during the initial investigation, seek to clarify and gain a greater understanding of the facts, to seek any new information which might not have already been uncovered.

The investigation should include any interviews as necessary including those with individuals who might have been included in the initial investigation for clarification or additional information. A formal interview should also be held with the individual suspected of fraud, dishonesty, theft, or serious waste of Society money or resources.

### **3.6 Formal interview**

Once sufficient evidence has been collated which clearly demonstrates the need to conduct a formal interview a meeting should be arranged with the individual suspected of fraud, dishonesty, theft, or serious waste of Society money or resources. The following are points to note:

- The individual should be given sufficient time to prepare for the formal interview and to arrange for representation or a friend to be present
- Depending on the circumstances the investigator might also wish to have another individual to attend the formal interview to take minutes, act as a witness or otherwise provide support
- Minutes should be taken of the meeting which should be subsequently signed by all present as a record of the meeting
- Where specific questions are to be directed at the individual being investigated they are entitled to reasonable time before the interview to collect evidence or provide written explanations to those questions
- The individual being investigated must not be accused of fraud, dishonesty, theft, or serious waste of Society money or resources. While it is permissible to make reference to possible fraud, dishonesty, theft, or serious waste of Society money or resources, the purpose of the interview is to seek sufficient explanations to the remaining questions.

### **3.7 Suspension while investigation is underway**

It may at times be necessary to consider suspending or (temporarily) transferring a member, volunteer or employee to another area or section or location or activity while the investigation is being carried out. This may be considered necessary where there is a reasonable concern that the continued presence of the individual

being investigated is not appropriate due to the possibility of further incidents or possible conflict with other individuals.

Where the investigation is in progress and no clear determination can be made as to whether there are any likely fraud, dishonesty, theft, or serious waste of Society money or resources matters to answer, if the member, volunteer or employee is unable to be transferred to a mutually agreed location, they may be suspended from duties. In the case of employees in consultation with Workplace Relations this will normally be on normal pay until the investigation is concluded

Suspension is a management decision (involving the NSW State President, Chief Financial Officer, the relevant Executive Officer, and or the relevant Central Council President (if the individual is a Member) on a case by case basis and may be subsequent to consultation with the Workplace Relations if the individual is an employee.

### **3.8 Dealing with a 'proven case'**

The following actions should take place:

- Once the further investigation is complete, a report should be developed which is countersigned by the Internal Audit and Risk Manager.
- The report fully details the findings, conclusions and recommendations from the investigation
- The report should also include recommendations for approval and should be provided to the Chief Financial Officer, the relevant Executive Officer and the relevant Central Council President (if the individual is a Member)
- Where any disciplinary action including dismissal might apply if the individual concerned is an employee, Workplace Relations should be involved thereafter.

### **3.9 Disciplinary action where fraud or dishonesty has occurred**

The Chief Financial Officer, in conjunction with the relevant Executive Officer, the relevant Central Council President (if a Member), the Deputy Chief Executive (if an employee or volunteer) will decide what discipline arrangements will apply.

- For employees and volunteers the Workplace Manual 2008 applies where a finding of fraud, dishonesty, theft, or serious waste of Society money or resources has been found which may include termination of employment
- For Members, the Central Council President will present a report to the NSW, State President where an investigation has concluded that an appropriate discipline sanction might be appropriate.

### **3.10 Repayment of money or return of misappropriated items**

During the discussions and interviews, the member, volunteer or employee who committed an act of fraud may offer to repay all or part of any monies in dispute. The acceptance of such repayments is a decision of the Chief Financial Officer in conjunction with the relevant Executive Officer and the relevant President.

It must be made clear that it does not in any way indemnify the members, volunteers or employees against further claims on behalf of the Society, particularly if there is any possibility that further losses may later come to light. Legal or other advice is recommended to be sought where the amount is significant or the case is complex.

### **3.11 Improving fraud control and prevention measures**

At the conclusion of every investigation, it is important that organisational lessons be learned from the incident. This may require the reconstruction of the details of the incident and a review of any policies, or work manuals.

It may be considered necessary to seek advice and assistance from external experts in the area, such as the Society's external auditors, legal advisors or other appropriate consultants.

The Chief Financial Officer should submit a report to the Audit, Risk and Finance Committee on all fraud occurrences and indicate what actions are planned to prevent a reoccurrence.

### **3.12 Keeping the person who has made the allegation informed**

The Internal Audit and Risk Manager is responsible for keeping the person who has made the allegation informed of progress, particularly, if the matter is not expected to be investigated and concluded within a period of 30 days after acknowledgement. The Internal Audit and Risk Manager will also at the conclusion of the investigation inform this individual of the outcome of the investigation.

The Society's Whistleblower Policy protection may apply for those making legitimate allegations but will not apply to anonymous allegations, where the individual making the allegation is not known to the Society's Whistleblower Officer.

### **3.13 Anonymous allegations**

It is obviously not possible to acknowledge receipt of anonymous allegations or to inform the person who has made the allegation of the outcome of the investigation. It is also not possible for the Internal Audit and Risk Manager to seek clarification or further information in support of an allegation if it has been made anonymously. The 30 day target completion date for investigations for anonymous allegations however still applies. If there is insufficient information in an anonymous allegation it is likely to prove more difficult to carry out a thorough investigation.

Anonymous allegations should however still be investigated as they may refer to an important issue that needs to be investigated.

## **Effectiveness and review**

The effectiveness of this policy and procedures will be reviewed after two years of coming into operation by the Chief Financial Officer and a report presented on the review to the Audit, Finance and Risk Committee..

## **Further advice or assistance**

Further advice and information can be obtained from the Internal Audit and Risk Manager on 02 9568 0270 or from the Chief Financial Officer on 02 9568 0224.

## **References**

Australian Standard AS 8001-2008- Fraud and Corruption Control  
Australian Standard AS 8004-2003-Whistleblower Protection Programs for Entities  
Journal of Business Ethics August 2002  
St Vincent de Paul Society, NSW-'Speak up'Whistleblowing Policy (under development)  
St Vincent de Paul Society, NSW-Code of Conduct 2013 under development  
Protect Your Charity from Fraud-Australian Charities and Not-for-profits Commission -  
Guide to Fraud Prevention 2013  
Corporations Act 2001  
Australian Securities and Investments Commission (ASIC) Act 2001  
NSW, Privacy and Personal Information Protection Act 1998 and associated Privacy  
Principles  
NSW, Health Records and Information Privacy Act 2002

## APPENDIX A

### Potential examples of fraud, dishonesty, theft and serious waste of money

There are many different types of fraud and dishonesty, and the methods used are constantly changing. Fraud and other types of financial crime can be committed by someone within or connected to a charity (internal fraud), or by someone who has no connection to it at all (external fraud). Some examples are detailed below. It should be noted that this is not an exhaustive list.

Fraud & Dishonesty	Examples
Misuse of Society assets/ resources	<ul style="list-style-type: none"> <li>• Use of Society resources for personal use</li> <li>• Unauthorised disposal of Society assets for personal gain</li> <li>• Unlawful use of Society computers, vehicles, internet, telephones, mobile phones, credit cards, other payment card facilities and other property or services</li> <li>• Operation of a private business using Society facilities and time</li> <li>• Collection of goods which are supposed to be donated to Society for personal use</li> </ul>
IT usage, assets and security	<ul style="list-style-type: none"> <li>• Unauthorised or unlawful access to or alteration of any data</li> <li>• Sharing and using another's username and password</li> <li>• Unauthorised use of internet or email e.g downloading movies for personal use or viewing and or sharing offensive material</li> <li>• Downloading unauthorised counterfeit or pirated software from the internet</li> <li>• Access others' email accounts without permission</li> <li>• Access or disclosure without authority or for personal gain, any personal information (computer or paper record) held by the Society</li> </ul>
Regulatory compliance and business partner communication	<ul style="list-style-type: none"> <li>• Failure to provide information where there is a legal obligation to do so</li> <li>• Deliberately providing falsified or incorrect data or information</li> </ul>
Personnel records, confidential and any personal information,	<ul style="list-style-type: none"> <li>• Use or disclosure of any personal, client, donor or business partner information for an improper purpose</li> <li>• Unauthorised or unlawful alteration of any personal, client, donor or business partner information or data</li> <li>• Breach of privacy legislation as detailed in</li> </ul>

	NSW, Privacy and Personal Information Protection Act 1998 and associated Privacy Principles, and NSW, Health Records and Information Privacy Act 2002
Salary, allowances	<ul style="list-style-type: none"> <li>• Payment of phantom employees</li> <li>• Payment to an employee for tasks or overtime not performed</li> <li>• Incorrect working hours in Timesheets</li> <li>• Submitting incorrect mileage claims or vehicle log sheet entries for Society travel and FBT purposes</li> </ul>
Grant applications	<ul style="list-style-type: none"> <li>• Submitting false applications for grants or other charitable benefits</li> </ul>
Intellectual property	<ul style="list-style-type: none"> <li>• Unauthorised release or sharing of any Society intellectual property</li> </ul>
Bequests	<ul style="list-style-type: none"> <li>• Deliberately not following the correct accounting procedures for monies received from bequests to the Society</li> </ul>
Bribes and commissions	<ul style="list-style-type: none"> <li>• Accepting bribes, kickbacks or other benefit or a secret commission from a supplier as an inducement to the award of a contract</li> </ul>
Letting contracts	<ul style="list-style-type: none"> <li>• Failure to comply with Society tendering and contract award arrangements</li> <li>• Manipulating a tender process to achieve a desired outcome</li> <li>• Unauthorised release of pricing or other tender information</li> <li>• Negligent or deliberate mis-management of contracts e.g. non-compliance with contract schedules or rates</li> <li>• Failure to declare any conflict of interests</li> </ul>
Acceptance of gifts	<ul style="list-style-type: none"> <li>• Accepting gifts of greater than token value where the giver might be expecting something in return</li> </ul>
Secondary employment	<ul style="list-style-type: none"> <li>• Engaging in concurrent employment outside the Society where a likely conflict of interest exists with an individual's activities at the Society</li> </ul>
Conflicts of interest	<ul style="list-style-type: none"> <li>• Failure to disclose an actual, perceived or potential conflict of interest contrary to the Society's Conflict of Interest Policy</li> <li>• Allowing a conflict of interest to undermine the independence of an individual in carrying out any activities for the Society</li> </ul>
Record-keeping	<ul style="list-style-type: none"> <li>• Knowingly recording and reporting inaccurate information, including time in lieu arrangements</li> <li>• Falsifying any documentation or signatures</li> </ul>
Recruitment	<ul style="list-style-type: none"> <li>• Appointing a person to a position for motives other than on merit</li> </ul>
Disclosure of	<ul style="list-style-type: none"> <li>• Failure to inform the Society of any</li> </ul>

information of changed circumstances	circumstances which impact on an individual's ability to undertake their activities at the Society e.g. loss of driving licence where driving from place to place is part of the normal work activities
Payment of invoices	<ul style="list-style-type: none"> <li>• Creation and payment to ghost suppliers</li> <li>• Invoice and purchase order splitting to circumvent procedures or Society delegations</li> <li>• Manipulation of any financial processes to facilitate unauthorised approvals to pay or writing off debts</li> </ul>
<b>Theft, Serious waste and external fraud</b>	<b>Examples</b>
Theft	<ul style="list-style-type: none"> <li>• Stealing donated goods from a Vinnies Centre</li> <li>• Stealing money or cash donations or petty cash</li> <li>• Misusing Society banking and payment facilities such as credit cards, debit cards and taxi vouchers</li> <li>• Theft of any plant, equipment or any items being stored</li> <li>• Misuse or theft of welfare vouchers / cards (electricity, gas, water, groceries, telephone)</li> <li>• Claiming non-existent, excessive or inappropriate expenses</li> <li>• Creating false or inflated invoices to obtain payment for goods and services that have not been supplied</li> <li>• Falsification of leave, medical certificates timesheets or overtime claims</li> <li>• Submitting false claims for workers compensation for workplace injuries</li> <li>• Failure to disclose and record any leave taken</li> <li>• Theft of any property belonging to anyone who is being assisted by the Society</li> </ul>
Serious waste of money or Society resources	<ul style="list-style-type: none"> <li>• Deliberately or knowingly not following Society authorising expenditure practices resulting in an invoice being paid more than once, or a greater amount being paid as a result, or where an invoice is paid where no goods or services have been received</li> <li>• The purchase of unnecessary or inadequate goods and services</li> <li>• Employees remunerated for skills they do not have which are a requirement of the role they perform</li> <li>• Luxurious, indulgent or excessive expenditure</li> <li>• Unnecessary staff being employed in a particular area incurring costs which might otherwise have been avoided</li> </ul>

	<ul style="list-style-type: none"> <li>• Waste can result from the absence of appropriate controls or safeguards to prevent the theft or misuse of Society property, and from purchasing practices where the lowest price has not been obtained (without a sufficiently justifiable reason) for comparable goods and services</li> </ul>
External money laundering	<ul style="list-style-type: none"> <li>• Receiving cash donations which the Society is subsequently asked to return by cheque</li> </ul>
External fraud	<ul style="list-style-type: none"> <li>• Using false invoices or supporting documentation to obtain money from the Society</li> <li>• Duplication of payments</li> <li>• Unauthorised fundraising in the Society's name such as a fraudulent appeal website and or activity</li> <li>• Offering bribes or other inducements to secure any contract or financial arrangement with the Society</li> <li>• Incorrect charging for labour and materials, misuse of Society assets or product substitution for one of a lesser quality</li> <li>• Any e-fraud and phishing emails sent on behalf of the Society soliciting money or requesting personal information</li> <li>• Any attempt to gain unauthorised access to the Society network or system or technology, through hacking, the use of viruses and worms and denial of service attacks.</li> </ul>

## Appendix B Roles and Responsibilities

Role	Responsibilities
NSW, State President and Chief Executive	Promotion of a culture that encourages and supports ethical workplace practices and the acceptance of responsibility for workplace actions across the Society
NSW, State President	Receive reports of investigations of allegations of fraud and dishonesty concerning Members where disciplinary action might need to be considered
Governance Committee	Provide assurance to the Board of the appropriateness of the Society's governance framework for the prevention of fraud and dishonesty.
Audit and Risk Committee	Responsible for overseeing the effectiveness of the Society's fraud prevention arrangements
NSW State Council Board	<ul style="list-style-type: none"> <li>• Monitoring the performance of the Society and effectiveness of its risk management systems</li> <li>• Monitoring compliance with regulatory requirements and satisfying itself through appropriate reporting and oversight that appropriate internal and external fraud control mechanisms are in place and are being implemented</li> </ul>
Chief Financial Officer, and Company Secretary	<ul style="list-style-type: none"> <li>• Provide assurance to the Governance Committee that the Society has sound fraud and dishonesty governance arrangements in place and that these are operating effectively</li> <li>• Facilitate the reporting of criminal offences to the police in consultation with the NSW State President and Chief Executive Officer</li> <li>• After an allegation has been assessed after it is received decide how and who will undertake the investigation in discussion with the Internal Audit and Risk Manager</li> <li>• Receive reports of investigations of allegations of fraud and dishonesty and in conjunction with the relevant Central Council President Executive Officer decide appropriate actions to be undertaken</li> <li>• Notify the Audit, Risk and Finance Committee of all instances where fraud, dishonest behaviour, theft and serious waste of Society money or resources has been identified as part of any investigation, as well as the final outcome for those concerned together with any remedial action being undertaken to prevent a reoccurrence</li> </ul>

	<ul style="list-style-type: none"> <li>• Assist Society Executive Officers to manage the identification and prevention of fraud risks</li> <li>• Liaise with the Australian Charities no-for-profit Commission with respect to fraud allegations as detailed in '<i>Protect your charity from fraud</i>' <i>The ACNC Guide to Fraud Prevention 2013</i></li> <li>• Notify the ACNC of fraud after an investigation has confirmed that a fraud has occurred</li> <li>• Liaise with ASIC on behalf of the Society for protected disclosures with respect to fraud issues (as detailed in ASIC and Corporations Acts)</li> <li>• Reporting external fraud against the Society to the Police and other appropriate authorities</li> <li>• Ensure the Society's Fraud Prevention Framework is reviewed every two years</li> </ul>
Internal Audit and Risk Manager	<ul style="list-style-type: none"> <li>• Acknowledge and receipt allegations unless they are made anonymously</li> <li>• Keep the person who has made the allegation informed of progress of the investigation and of the outcome at the conclusion of the investigation.</li> <li>• Ensure that investigations are completed within a period of 30 days after they have been received and receipted if not anonymous.</li> <li>• Develop and implement tools and activities to raise management's awareness of their responsibilities relating to fraudulent and dishonest conduct</li> <li>• Assist Executive Officers to identify and manage their fraud risks</li> <li>• Receive allegations of fraud, dishonest behaviour, theft and serious waste of Society money and resources</li> <li>• Assess and action allegations received</li> <li>• Undertake investigations into allegations received or assist and advise the individual undertaking the investigation</li> <li>• Recommend appropriate actions following the completion of the investigation including any identified weaknesses in existing controls as well as any necessary improvements to prevent a similar occurrence in the future</li> <li>• Develop and maintain a Fraud Prevention Framework for the Society which details the the practices in place or planned for development to facilitate the effective detection, investigation, and prevention of fraud in the Society.</li> </ul>

Assistant Company Secretary and Compliance Manager	<ul style="list-style-type: none"> <li>• Provide assistance with the creation, implementation, and monitoring of an effective governance compliance framework which is consistent with the Society's risk management framework</li> </ul>
Central Council Presidents/Directors of the NSW State Board	<ul style="list-style-type: none"> <li>• As Directors of the Board being familiar with the duties with respect to fraud prevention and reporting to which they are subject to under the Corporations Act and otherwise at law</li> <li>• Receiving reports of the appropriateness of the Society's governance framework for the prevention of fraud and dishonesty</li> <li>• Maintain a high level of commitment to controlling the risks of fraud and dishonesty</li> <li>• Maintain a high level of awareness of the risks of fraud and dishonesty</li> <li>• Actively promote a culture of fraud and dishonesty resistance and protection</li> <li>• Receive reports of investigations of allegations of fraud and dishonesty if a Member is involved</li> </ul>
Executive Officers- State Support Office and Central Councils	<ul style="list-style-type: none"> <li>• Accountable for own actions or omissions and those of their staff and for modelling high standards of behaviour</li> <li>• Maintain a high level of commitment to controlling the risks of fraud and dishonesty</li> <li>• Maintain a high level of awareness of the risks of fraud and dishonesty</li> <li>• Actively promote a culture of fraud and dishonesty resistance and protection</li> <li>• Ensure workplace procedures and practices are established, complied with and regularly reviewed</li> <li>• Receive reports of investigations of allegations of fraud and dishonesty</li> <li>• Ensuring that areas of high risk in terms of ethics, fraud, theft and workplace dishonesty are identified and that appropriate preventative strategies are in place to mitigate the risk to the Society</li> <li>• Ensure that allegations of fraud or dishonesty are appropriately investigated in conjunction with the Internal Audit Risk Manager</li> <li>• Co-operating with any investigation into a fraud or dishonesty allegation</li> <li>• Ensuring that any individual making a fraud or dishonesty allegation is protected from any detrimental action in accordance with the Society's Whistleblower Policy.</li> </ul>
Managers,	<ul style="list-style-type: none"> <li>• Accountable for own actions or omissions and</li> </ul>

Supervisors	<p>those of their staff</p> <ul style="list-style-type: none"> <li>• Being aware of potential fraud and dishonesty risks in the workplace and ensuring adequate prevention controls are in place.</li> <li>• Ensure workplace procedures and practices are established, complied with and regularly reviewed.</li> <li>• Ensuring staff and others who report to them are aware of their duties and responsibilities and ensure adequate information, instruction and training to perform them adequately and safely.</li> <li>• Ensure that staff and those reporting to them comply with any internal controls, systems, relevant policies and procedures as apply in relation to carrying out their duties or activities</li> <li>• Treat seriously all reports of alleged fraud, dishonesty, theft or serious waste of Society money or resources and ensure these are reported to the the Internal Audit Risk Manager for investigation</li> <li>• Providing staff and those who report to them with adequate information to prevent fraud and dishonesty in the workplace</li> <li>• Promote the importance of working ethically and complying with the Code of Conduct at all times and by modelling high standards of behaviour</li> <li>• Co-operating with any investigation into a fraud or dishonesty allegation</li> <li>• Ensuring that any individual making a fraud or dishonesty allegation is protected from any detrimental action in accordance with the Society's Whistleblower Policy</li> </ul>
All Members, Volunteers and Employees	<ul style="list-style-type: none"> <li>• Maintain the highest standards of ethical behaviour in accordance with the Code of Conduct</li> <li>• Must not engage in, participate in, cover up or in any way assist in, (including by failing to act) any form of fraud, dishonesty, theft or serious waste of Society money or resources</li> <li>• Be vigilant at all times to prevent and detect fraud or dishonesty in own work area</li> <li>• Behave in a lawful manner and comply with relevant legislative and Society policies and procedures</li> <li>• Act within the delegated authority of the role being undertaken in the Society</li> <li>• Report immediately any instances of known or suspected fraud or dishonesty or theft or serious waste of Society money or resources</li> </ul>

	<p>in accordance with this Policy</p> <ul style="list-style-type: none"><li>• Be accountable for actions and any decisions taken at work</li><li>• Co-operating with any investigation into an allegation of fraud or dishonesty</li><li>• Maintain confidentiality during investigations of fraud and dishonesty</li><li>• Ensure efficient and best use of Society money and resources</li><li>• Protect others who have made an allegation of fraud or dishonesty in accordance with the Society's Whistleblower Policy</li><li>• Comply with all internal controls, systems, relevant policies and procedures as apply to them in relation to carrying out their duties and responsibilities including financial delegations and approvals</li><li>• Not making false, misleading, frivolous or vexatious allegations of fraud, dishonesty, theft or serious waste of Society money or resources</li></ul>
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## APPENDIX D- ALLEGATIONS FLOWCHART

