
Dawson Street Child Care Co-operative Policy Manual

Fraud, Theft and Corruption Policy

1. Authorisation

This policy was reviewed and adopted by the Dawson Street Child Care Co-operative (DSCCC), at a committee meeting on 28 August 2019.

2. Review date

This policy shall be reviewed in May 2021.

3. Policy statement Values

DSCCC has a commitment to high legal, ethical and moral standards. DSCCC takes the issue of fraud, theft and corruption very seriously and will not tolerate fraudulent or corrupt acts or theft by any party under the scope of the Fraud, Theft and Corruption Policy.

Purpose

To help prevent fraud and theft at DSCCC and to manage any suspected fraud, theft or corruption that occurs.

4. Scope

This policy applies to the Management Committee, staff, volunteers, parents and guardians at Dawson Street Child Care Co-operative. This policy extends to include contractors, suppliers and other organisations to which DSCCC is connected through any form of funding agreement.

5. Definitions

There is no singular definition of fraud. For the purposes of the Fraud, Theft and Corruption Policy:

Fraud is defined as:

“dishonestly obtaining benefit (either tangible or intangible) by deception or other means”.

Theft is defined as:

“dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it”.

Corrupt practices are defined as:

“the abuse of entrusted power for private gain”.

The threat of fraud, theft and corrupt practices to DSCCC could arise from both internal and external sources.

Examples of fraud, theft and corrupt practices under this definition include, but are not limited to:

Theft of equipment	Theft of inventory
False invoicing and/or false payment requests	Theft of funds other than by way of false invoicing
Accounts receivable fraud	Credit card misuse
Theft of intellectual property or other confidential information	Obtaining property, a financial advantage or any other benefit by deception
Financial reporting fraud (falsification of financial statements to obtain improper financial benefit)	Making, using or possessing forged or falsified documents
Provision of false receipts to acquit cash	False beneficiaries

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advances	
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Examples of corrupt practices under this definition include, but are not limited to:

Payment of bribes/facilitation payments to any third party	Sexual exploitation and abuse
Coercion and intimidation of colleagues and partner members for personal, social or political gain	Manipulation of assessment and program/funding targeting or favouring particular groups
Receipt of bribes or kick-backs from any person or entity for any reason	Nepotism/cronyism to favour family/friends in recruitment, procurement or funding activities
Diversion of financial assistance/funding to non-targeted recipient groups	

6. Procedures

The Director will:

- Ensure that the roles and responsibilities detailed in this and associated documents are upheld.
- Ensure allegations of fraud or corrupt practice are fully investigated.
- Provide advice to the respondent on the conduct of investigations and interviewing of staff.
- Inform the Management Committee of any allegation made under the *Fraud, Theft and Corruption Policy*.
- Ensure that advice is provided to investigation team members on matters of employment law, Centre policy and other procedural matters such as disciplinary action. This may involve commissioning external legal counsel, where appropriate.
- Determine whether suspension of specific activities is required whilst an allegation of fraudulent or corrupt activity or theft is being investigated.
- Formally advise police, council and the Department of Education and Training, as and when required.

The Management Committee will:

- Act immediately on any allegation of fraud or corrupt practice.
- If the Management Committee believes the allegation is well grounded, form a sub-committee including the Chair, one other Management Committee member and the Director to investigate the allegation and recommend actions. In the circumstance where one of the recommended sub-committee members is suspected of fraud or is reporting a fraud, they will be replaced on the sub-committee by another Management Committee member or, in the case of the Director, by another member of the Management Committee.
- If a matter has already been referred directly to police by the Director, a Management Committee member, staff or parents, the sub-committee should seek advice from the police before commencing any investigation.
- Be involved in and endorse the final decision in relation to the dismissal of staff, reporting to police and any resulting legal action.
- Advise all parties where applicable of any action in a timely manner.

Staff and Parents / Guardians (as shareholders) will:

- Inform the Director or a member of the Management Committee of any fraudulent or corrupt activity or theft witnessed or suspected, including by a member/members of the Management Committee, staff, parents, contractors and any other external party.

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It is the responsibility of all staff and shareholders to maintain the ethical and moral standards expected by DSCCC. This responsibility extends to all staff and shareholders maintaining an awareness of and reporting any suspicion of fraud, theft, corruption and other irregularities.

If a staff member, committee member or parent suspects fraud:

- It must be reported to the Director or Chair of the Management Committee immediately.
- If suspicions appear to be well grounded, a sub-committee of the Director, Chair and one other Management Committee member will be formed.
- All details should immediately be recorded in a log.
- The sub-committee will determine if police should be involved and/or the Department notified. Where required, the sub-committee will take action to end a loss, and correct any weaknesses in processes.
- If the Director, a member of the Management Committee, a member of staff or a parent believes that criminal activity has occurred, they may, at their discretion, contact the police directly.

Reporting of Suspicions

The protection of DSCCC from the threat posed by fraudulent and corrupt practices and theft is the responsibility of all individuals covered by the scope of the Fraud Policy. If an incidence of fraud or corrupt practice is suspected, the staff member or parent concerned must report this to the Director or Management Committee Chair as soon as possible.

The report can take any number of forms; communicated face-to-face, by telephone or in writing. The most concise means of reporting is using the Fraud, Theft or Corruption Report Form found in Appendix 1. In the absence of this document the following information should be included in any report or allegation:

- Who the allegation is made against.
- The foundation for the allegation.
- The circumstances surrounding the allegation.
- Specific details about the conduct of the person against whom the allegation is being made.

The Director and Chair will then discuss the report, and determine if a sub-committee should be formed.

Sub-committee investigation

The sub-committee will conduct an investigation according to the principles outlined in Appendix 2. Any investigation into an allegation of misconduct under the *Fraud, Theft and Corruption Policy* should establish at an early stage whether it appears as though a criminal act has taken place and whether police involvement will be required. This will shape the way the investigation proceeds, how evidence is gathered and by whom. The Management Committee as a whole is responsible for making the decision on whether DSCCC will officially involve the police.

If it appears that a criminal act has not taken place, or the decision has been taken by the Management Committee not to refer the matter to police, an internal investigation will be undertaken to;

- determine the facts,
- consider what, if any, action should be taken against those involved,
- consider what may be done to recover any loss incurred,
- identify any system weaknesses and look at how internal controls could be improved to prevent a recurrence.

To ensure that there is adequate separation of investigation and determination processes the subcommittee will report in writing to the Management Committee. The decision on next steps and resulting actions (disciplinary, criminal, civil, insurance claim) will be made, recorded and assigned.

Where an investigation involves a member of staff and concludes that no criminal act has taken place the Management Committee will determine what disciplinary action is appropriate in accordance with the *Staff Conduct Policy*.

The findings of an investigation could include but are not limited to;

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- gross misconduct on the part of the staff member investigated,
- negligence or error of judgement on the part of the staff member investigated,
- no case to answer – the investigation was unable to identify any foundation for the allegation.

The various legal options available to DSCCC at the close of an investigation will be reviewed by the Director and Management Committee to decide a course of action. These options could include but are not limited to:

- handing the investigation over to the relevant law enforcement authorities, local to where the fraud or corrupt act had taken place.
- pursuing civil action to recover any losses to the organisation,
- recovering any losses from DSCCC insurers where available.

Collection & preservation of evidence

The appropriate collection and preservation of evidence is very important, especially in cases where the matter will be handed over to police. If the sub-committee determines that there is cause to pursue criminal prosecution, the collection of evidence and additional witness statements will be done either by Victoria Police or, at their request, by the sub-committee. If the police commence an investigation, any investigation by the sub-committee should be suspended pending advice from the police.

Even if it is determined that no criminal act is believed to have taken place, then the collection of evidence should continue following these steps:

- If physical evidence – collect with documentary record of time and place.
- If witnesses – interview for their account of events, and request a written statement. If they do not wish to, take notes of discussion.
- Forward results to investigation team, who will determine if suspect should be interviewed.

Interview of suspect

This is one of the last interviews that should be conducted. It is important that during the process the rules of natural justice are followed, to ensure that;

- the person who is the subject of a complaint is fully informed of the allegations against them
- they are advised of their rights and the process that will be followed, including the means of communication with them as the investigation develops,
- they are entitled to have a lawyer, a staff representative, or another support person present at any interview,
- they are given every opportunity to respond to the allegations and raise any matters in their own defence,
- the allegations have been properly investigated and all parties hear all relevant submissions.
- irrelevant matters are not taken into account,
- the person who made the allegation is not involved in investigating or decision making
- the Management Committee has acted fairly and without bias.

This report is to be presented to the Management Committee.

If the matter warrants interview of the suspect;

- the suspect should be advised that the sub-committee wishes to discuss the incident. They should be advised of their rights and that they may have a support person present,
- if the suspect agrees to an interview, it should be scheduled as soon as possible,
- if the suspect does not agree, and/or the sub-committee believes there is a case to answer, and there is sufficient evidence for dismissal, this should be reported to the Management Committee.

Outcome of the investigation

After all inquiries have been undertaken it is expected that the sub-committee will write a clear and concise report outlining:

- a summary of the allegations investigated

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- the evidence collected during the investigation (documentary evidence, interview etc) and a dossier of such evidence (interview notes, witness statements, documentary evidence).
- a chronology of events
- a list of witnesses interviewed,
- details of the investigation's findings
- additional information uncovered during investigation relevant to the allegation
- the recommendations of the Committee.

7. Evaluation

This policy will be reviewed after two years, or after it is used.

Date Reviewed	Details of Changes (if any)	Date of Next Review
August 2019	Clarify that the policy does not preclude anyone from reporting an allegation directly to the police; that police investigations take priority over internal investigations; that suspects are entitled to a support person if interviewed	August 2021
July 2016	Minor amendments	July 2018
July 2014	Minor amendments and name change	July 2016
November 2010	New policy	November 2013

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APPENDIX 1

DSCCC FRAUD, THEFT OR CORRUPTION REPORT FORM

Prepared by:	Date:
Position:	Signature:

Description of alleged incident and related parties

Were parties outside DSCCC involved? (complete only if known)

How was the alleged incident discovered?

Rules, regulations, and procedures allegedly violated (complete only if known)

Other comments

**THIS IS AN IMPORTANT DOCUMENT PLEASE ENSURE IT IS PASSED TO THE
DIRECTOR OR MEMBER OF THE MANAGEMENT COMMITTEE.**

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ANY COPY OF THIS DOCUMENT MUST BE STORED SECURELY.

APPENDIX 2

Investigation Principles extracted from AS8001-2008

Investigations should be conducted in accordance with the following principles:

- (a) External parties engaged to assist in investigations on an entity's behalf should be required to enter into a binding agreement in relation to the release of confidential information coming into their possession during the course of the investigation. External consultants need to have appropriate expertise when conducting investigations. They may also need to have access to other resources to deal with technical queries or legal issues as they arise.
- (b) Any investigation and resulting disciplinary proceedings should be conducted in an atmosphere of transparency at all times ensuring that the rules of natural justice are observed.
- (c) The overall guiding principles of any investigation into alleged improper conduct are independence and objectivity.
- (d) An investigation should comply with all relevant legislation in the jurisdiction in which action will or could be initiated.
- (e) Adequate records to be made and kept of all investigations. These records should be kept in accordance with legal, best practice or privacy management guidelines.
- (f) An entity conducting an investigation into allegations for misconduct should ensure that information arising from, or relevant to, the investigation is not disseminated to any person not required to receive the information.
- (g) An investigation will potentially involve the following investigative activities:
 - (i) Interviewing of relevant witnesses including obtaining statements, where appropriate including witnesses internal and external to the entity.
 - (ii) Reviewing and collating documentary evidence.
 - (iii) Forensic examination of computer systems.
 - (iv) Examination of telephone records.
 - (v) Enquiries with banks and other financial institutions (subject to being able to obtain appropriate Court orders).
 - (vi) Enquiries with other third parties.
 - (vii) Data search and seizure.
 - (viii) Expert witness and specialist testimony.
 - (ix) Tracing funds/assets/goods.
 - (x) Preparing briefs of evidence.
 - (xi) Liaison with the police or other law enforcement or regulator agencies.
 - (xii) Interviewing persons suspected of involvement in fraud & corruption.
 - (xiii) Report preparation.
- (h) Any investigation into improper conduct within an entity should be subject to an appropriate level of supervision by a responsible committee within the entity having regard to the seriousness of the matter under investigation. In serious cases, it is contemplated that the relevant committee will be the Management Committee.