FRAUD RISK MANAGEMENT POLICY

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Drafted by	Head Office	Approved by board on	August 2022
Responsible person	CEO/FM	Review	As required

INTRODUCTION

Just like commercial organisations, not-for-profit organisations may be subject to fraudulent activity and must therefore implement effective prevention strategies to minimise legal and financial exposure.

PURPOSE

The purpose of this Policy is to:
1. Ensure that all parties are aware of their responsibilities regarding the identification and prevention of fraudulent activity.
2. Ensure that staff/volunteers/contractors understand who to report to in the event that they suspect fraudulent activity.
3. Provide a step-by-step guide to respond to an allegation regarding fraudulent activity.
4. Express a clear statement to staff/volunteers/contractors forbidding fraudulent activity for the benefit of the organisation.

POLICY

NSW Greyhound Breeders, Owners and Trainers Association (NSW GBOTA) will not tolerate fraud in any aspect of its operations.

The NSW GBOTA will investigate any suspected acts of fraud, misappropriation, or other similar irregularity. An objective and impartial investigation, as deemed necessary will be conducted regardless of the position, title and length of service or relationship with the organisation of any party who might be the subject of such investigation.

Any fraud shall constitute grounds for dismissal. Any serious case of fraud, whether suspected or proven, shall be reported to the relevant and appropriate authorities such as the police and the ombudsman.

Any person who suspects the commission of a fraud, related to the operations of the NSW GBOTA, is required to immediately report it to a manager / appropriate person in authority within NSW GBOTA. Any person reporting a fraud, or a suspected fraud, shall not be penalised for raising a concern of this nature.

NSW GBOTA POLICY AND ATTITUDE TO FRAUD AND CORRUPTION

NSW GBOTA promotes an organisational culture that will not tolerate any act of fraud or corruption. This Fraud and Corruption Prevention Strategy is designed to put this principle into practice.

Apart from the legal consequences of fraud and corruption, improper acts have the potential to damage NSW GBOTA public image and reputation. Unresolved allegations can also undermine an otherwise credible position and reflect negatively on innocent individuals.

All staff must be above fraud and corruption. Sanctions will apply to those who are not. In addition, staff must act so they are not perceived to be involved in such activities. Through transparent and accountable decision-making, together with open discussion by staff and managers about the risks of fraud and corruption, NSW GBOTA seeks to foster an organisational climate which does not tolerate fraud or corruption.

NSW GBOTA will deal fairly with all parties in the course of investigating allegations of fraud or corruption. However, if fraud or corruption is proven, NSW GBOTA will apply appropriate sanctions. Possible sanctions include suspension without pay, dismissal, and loss of accumulated employer superannuation contributions.

The prevention of fraud and corruption requires that all staff members act ethically and professionally.

DEFINITIONS OF FRAUD AND CORRUPTION

Fraud and corruption can be distinguished from other forms of unethical behaviour. NSW GBOTA applies the following definitions which are based on those contained in the Australian Standard for Fraud and Corruption Control (AS 8001-2008).

Corruption

Dishonest activity in which a director, executive, manager, employee, contractor, volunteer or work experience student acts contrary to the interests of NSW GBOTA 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.

Fraud

Fraudulent activity in which a director, executive, manager, employee, contractor, volunteer, work experience student or external persons, causing actual or potential financial loss to NSW GBOTA, including the theft of moneys or other property. This includes the deliberate falsification, concealment, destruction or improper use of documentation used for a normal business purpose or the improper use of other information or position.

Examples of fraud and corruption

The following list is not exhaustive but includes some of the more common examples of fraud and corruption in the public sector:

Theft of assets, such as:

- Equipment
- Consumables or supplies
- Cash
- Information

Unauthorised or illegal use of assets, information or services for private purposes, including:

- Motor vehicles
- Clerical and other support
- Confidential information
- Equipment, including photocopiers, telephones and fax machines
- Computers
- Company Phones

Abuse of position and power for personal gain, such as:

- Seeking and obtaining bribes or other gifts in exchange for favourable treatment

Manipulation and misuse of account payments, such as:

- Fictitious employees on the payroll
- Ordering equipment for private and personal use
- Favouring suppliers whose costs are not as competitive as other suppliers

Falsification of records, including:

- Timesheets
- Travel claims
- Petty cash vouchers.

Manipulation of computer programs for improper purposes, such as:

- Unauthorised approval to pay
- Diversion of proceeds
- Writing off debts.

PROCEDURES

Regular program for fraud risk assessment

An important part of fraud and corruption prevention is understanding where the areas of risk are in relation to NSW GBOTA responsibilities and functions. NSW GBOTA systemically assesses its functions and responsibilities to identify all potential risk areas and to develop a risk management plan to control high and medium risk issues. Building on this broad risk assessment, a further specific risk assessment of potential fraud and corruption issues is undertaken.

NSW GBOTA current fraud and corruption risk assessment

NSW GBOTA fraud and corruption risk assessment also took into account the work activities and functions that are perceived to have high fraud and corruption risk ratings:

- *Financial functions* – such as the receipt of cash, revenue collection and payment systems, salaries and allowances, and entertainment expenses

- *Race Night Audits*

- *Meeting return audits*

Overall NSW GBOTA fraud and corruption risk assessment project concluded that NSW GBOTA had in place effective controls for the bulk of its significant fraud and corruption risks.

Internal audit strategy

Internal audit capability

NSW GBOTA allocates resources to its internal audit program to provide for in-depth auditing of functions and activities considered to be of high risk. This function is carried out by the Commercial Manager.

Resources are also available to conduct special audits of specific issues that may arise and require urgent examination and assessment.

Internal audit fraud control function

NSW GBOTA internal audit program includes items considered to be of high fraud and corruption risk, in particular, focusing on, financial transactions (including cash handling) and asset security.

RESPONSIBILITIES

The Directors and NSW GBOTA CEO consider and approve all policies and procedures relating to the control and investigation of fraud and corruption.

NSW GBOTA sets out the following responsibilities for the Directors and the CEO:

- establishing and maintaining ethical policies, systems and procedures for all aspects of NSW GBOTA work
- ensuring that staffing policies and practices are fair and equitable
- ensuring that mechanisms for responding to potentially unethical circumstances are appropriate and effective (e.g. grievance and complaint handling systems)
- ensuring that areas of work that are of inherently higher risk in terms of ethics and corruption are identified and that preventive strategies are in place
- monitoring the ethical health and culture of NSW GBOTA and responding to any problems identified.

All reasonable suspicions of fraud or corruption are reported to the CEO who decides what action should be initiated to assess the concerns raised. All fraud and corruption investigation reports are referred back to the Directors who then decide what action is necessary to address the investigation findings.

The CEO is responsible for dealing with and investigating instances of fraud reported to them.

- producing fraud and corruption policies, procedures and training proposals
- liaising with internal and external investigators
- assuring the quality of investigation processes and reports, and
- providing advice to staff affected by internal investigations.

The Audit & Finance committee
- Oversight of theft and fraud control within the Association;
- Recording instances of theft and fraud on file;
- Reporting on theft and fraud to the club Committee;
- Investigation of fraudulent activity; and
- Liaison with police and GRNSW Stewards.

NSW GBOTA Managers

NSW GBOTA Managers must ensure that effective fraud and corruption prevention risk management strategies and staff awareness programs are established in their workplaces. NSW GBOTA Manager's responsibilities include:
- Assess the risk of fraud within their area of control;
- Educate staff/volunteers/contractors about fraud prevention and detection; and
- Facilitate the reporting of suspected fraudulent activities.
- Identifying and assessing theft and fraud risks;
- Implementing theft and fraud control measures;
- Identifying and reporting internal and external fraud; and
- Promoting an ethical culture within the club.

All NSW GBOTA staff

All NSW GBOTA staff have a duty to:
- Behave ethically;
- Assist in the identification of risk exposure to corrupt or fraudulent activities; and
- Report to management any suspected theft, fraud or corruption.

REPORTING

All Directors, staff, volunteers, contractors have the responsibility to report suspected fraud.

Any staff member, volunteer or contractor who suspects fraudulent activity must immediately notify their supervisor or the CEO about the concern.

In situations where the staff member, volunteer or contractor notifies their supervisor, the supervisor must then notify the CEO (or the Chair of the Board in circumstances where the suspected fraud involves the supervisor or CEO).

Step-by-step guide: Responding to suspected fraud

1. Upon notification an allegation pertaining to fraud, the CEO (or Chair of the Board) will promptly arrange to carry out an initial review into the allegation.

2. After an initial review and a determination that the suspected fraud warrants additional investigation, the CEO (or Chair of the Board) shall coordinate the investigation with the appropriate law enforcement officials or external investigator as deemed appropriate. Internal or external legal representatives will be involved in the process, as deemed appropriate.

3. Once a suspected fraud is reported, immediate action will be taken to prevent the theft, alteration or destruction of relevant records. Such actions include, but are not necessarily limited to, removing relevant records / information and placing them in a secure location, limiting access to the location where the records / information currently exists, and preventing the individual suspected of committing the fraud from having access to the records / information.

4. If an allegation of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal (or termination of an individual's right to work as a contractor or volunteer), shall be taken by the appropriate level of management.

5. The organisation will also pursue every reasonable effort, including court ordered restitution, to obtain recovery of any losses from the offender.

6. This policy encourages individuals to put their names to allegations.

Concerns expressed anonymously are much less powerful, however they will be considered at the discretion of the club. In exercising this discretion, the factors to be taken into account would include:

- The seriousness of the issue raised;

- The credibility of the concern; and

- The likelihood of confirming the allegation from the attributable sources.

Where a prima facie case of fraud has been established, the matter shall be referred to the relevant authorities. If an allegation is made in good faith, but it is not substantiated by the investigation, no action will be taken against the complainant.

The organization will make every effort to keep the investigation confidential; however, members of the management team may need to be consulted to assist with a review / investigation.

Review

The Finance and Audit Committee will review this Policy annually.

Any change in the Policy will be presented to the NSW GBOTA Board of Directors for approval.

RELATED DOCUMENTS

- Risk Management Policy

- The NSW GBOTA Business Plan