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# FINANCIAL FRAUD RISK MANAGEMENT POLICY

# TEMPLATE

**1. PURPOSE**

The purpose of this Policy is to:

* Ensure that all parties are aware of their responsibilities regarding the identification and prevention of fraudulent activity.
* Ensure that staff/volunteers/contractors/Board members understand who to report to in the event that they suspect fraudulent activity.
* Provide a step-by-step guide to respond to an allegation regarding fraudulent activity.

**2. COMMITMENT TO ETHICAL PRACTICE AND FINANCIAL TRANSPARENCY**

In avoiding financial risk, the role of [ORGANISATION’s staff, accounts receivable/payable officers, accountants and auditors is critical to ensure ethical and transparent practices. The following provisions will be in place:

* Accountants are to be certified CPAs and independent from [ORGANISATION].
* The [ORGANISATION] Auditor is to be a qualified Auditor registered with ASIC, independent from [ORGANISATION, and is to be appointed at each AGM, with at least two auditors presented to members for consideration.
* Personal and/or family and/or domestic relationships between any [ORGANISATION] staff or Board Director with the accountancy firm or Auditor are to be avoided.
* Any staff member(s) in the role of Chief Financial Officer or book keeper or accounts payable/receivable officer is not to be in a family or other domestic relationship with the CEO, or the [ORGANISATION]’s accountants, or the Auditor.
* The [ORGANISATION]’s Financial Controls Policy will be adhered to to ensure Financial Reports accurately reflect the [ORGANISATIONS]’s financial situation.
* The [ORGANISATIONS]’s Conflict of Interest Policy is to be adhered in relation to all financial decision-making.

**3. POLICY**

* [ORGANISATION] will not tolerate fraud in any aspect of its operations.
* [ORGANISATION] 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, 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 [ORGANISATION], is required to immediately report it to a manager / appropriate person in authority within [ORGANISATION] Any person reporting a fraud, or a suspected fraud, shall not be penalised for raising a concern of this nature.

**4. RESPONSIBILITIES**

* The Board of [ORGANISATION] has ultimate responsibility for the prevention and detection of fraud and is responsible for ensuring that appropriate and effective internal control systems are in place.
* The CEO is responsible for:
  + Dealing with and investigating instances of reported fraud.
  + Providing this Policy to:
    - Board members when taking up their roles and making relevant content known at each Board meeting.
    - The [ORGANISATION’s accountants and auditor.
    - The [ORGANISATION]’s CFO or book keeper or accounts payable/receivable officer.
* All managers, including the CEO, must ensure that they:
  + 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.
* Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert to any indications of such conduct.
* All staff/volunteers/contractors share in the responsibility for the prevention and detection of fraud.

**ASSOCIATED POLICIES**

* Code of Conduct
* Conflict of Interest Policy (Board)
* Conflict of Interest (Staff)
* Delegations Policy
* Financial Accountability Policy
* Financial Management Policy
* Financial Reporting Policy
* Risk Management Policy

**RELEVANT LEGISLATION**

* Corporations (Aboriginal and Torres Strait Islander) Act 2006

## AUTHORISATION

<Signature of Board Chair>

<Signature of Manager>  
<Date of approval by the Board>  
<Name of Organisation>

# FINANCIAL FRAUD RISK MANAGEMENT PROCEDURES

# TEMPLATE

**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.

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 organisation 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.