



Policy Name	Fraud Prevention and Dealing with Possible Fraud
Version No.	V3
Approved by Board on	9 Feb 2016
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Introduction

Southern Tablelands Arts Inc. (STA) its Board, management, employees and volunteers must at all times comply with all ethical principles and policies of the organisation and all laws and regulations governing the activities of the organisation. The Board accepts its responsibility to undertake all appropriate actions to prevent and detect fraud against the organisation or that may be perpetrated by anyone associated with the organisation.

The policy applies to fraud or suspected fraud by Board members, employees, volunteers, vendors, contractors, consultants and others in the course of doing business with STA. This policy aligns with the Code of Conduct Policy.

Purpose

The purpose of this policy is to provide a framework for complying with the legal and ethical principles and policies of the organisation and addressing suspected fraudulent activity against it.

Policy

The Board and the ED are responsible for preventing and detecting fraud and abuse within the organisation and establishing, implementing and monitoring policies and procedures that address this fundamental responsibility.

The Board, with the assistance of the ED when appropriate, will ensure that:

- a culture of honesty and high ethics is created, demonstrated and maintained by setting the “tone at the top”. This includes preparing a code of conduct that expresses ‘zero tolerance’ for unethical behaviour and communicating it to all employees and volunteers of the organisation
- employees are trained regularly regarding the organisation’s values and code of conduct and document their understanding and compliance therewith
- fraud risks (including management fraud) and related risks that may occur within the organisation are regularly assessed. This includes establishing and monitoring appropriate policies, procedures and controls designed to mitigate or eliminate the risk of fraud and abuse. A report regarding such fraud risks and actions taken must be made to the Board at least annually by the Risk Management Committee



- a strong system of controls is created, implemented and monitored, including continually seeking ways to increase security in STA's computer, recordkeeping and payment systems
- employees and Board members are regularly trained to be alert to warning signs of fraud and unethical behaviour and providing a system for reporting such matters
- irregularities are reported by creating a system for employees to anonymously report (to the designated Board representative or the Board, if management is involved) illegal or unethical actions they have witnessed or suspect. This system should promote a transparency with the external auditors.
- annual audits of the organisation's financial records are conducted and results of such audits communicated to the Board and other authorised parties.

Actions Constituting Fraud

It is the organisation's policy that there is 'zero tolerance' for actions constituting fraud as may be defined and determined by legal authorities from time to time. These actions include but are not limited to:

- theft of cash, securities, merchandise, equipment, supplies or other assets
- unauthorised use of employees, property, credit cards, mobiles, internet, phone systems or other resources
- submission of personal or fictitious employee expenses for reimbursement or fictitious or inflated vendor invoices or payroll records for payment
- receiving kickbacks or other unauthorised personal benefits from vendors, clients, grant applicants or others
- forgery or fraudulent alteration of any check, bank draft, statement, billing, record, form, report, return, other financial document or electronic financial forms or accounts
- intentional material misclassification or misrepresentation of revenues, expenses, costs or other data in financial statements, reports, regulatory returns, applications or other communications
- intentional failure to disclose material related party transactions¹, noncompliance with lender requirements or donor/grantor restrictions or other required disclosure matters

¹ related party is defined as a spouse, parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or adopted child. A related party would include any person/s to whom there is a business relationship which could include a business partnership or an employee/employer relationship either with the individual or a family member of the individual. A related party would also include any person/s who have control or significant influence over the individual concerned.



- intentional improper use or disclosure of confidential donor, client/customer, employee or organisation proprietary information
- any other illegal activity

Procedures

1. The Code of Conduct to be sighted and signed by all Board members and staff on appointment
2. Report to the Board when fraud risks are identified and actions taken
3. Ensure all policies and procedures are adhered to and annually reviewed, especially Financial Management policies and procedures
4. Create and maintain a Register of gifts and benefits. The register will apply to all staff, contractors and Board members
5. The Register must be available at each Board meeting.

Responsibilities

1. The Board and ED are responsible for preventing and detecting fraud and abuse within the organisation and establishing, implementing and monitoring policies and procedures that address this responsibility, as noted above.
2. It is the responsibility of every Board member and employee to comply with the organisation's code of conduct requirements.
3. It is the responsibility of every Board Member, employee or volunteer to report, in writing, discovered or suspected unethical or fraudulent activity immediately to the ED and/or the President of the Board.
4. No reporting party who in good faith reports such a matter will suffer harassment, retaliation or other adverse consequences. Any Board member or employee who harasses or retaliates against the party who reported such a matter in good faith will be subject to discipline up to and including termination of employment or Board membership. Additionally, no Board member, employee or volunteer will be adversely affected because they refuse to carry out a directive which constitutes fraud or is a violation of state or federal law.
5. Any allegation that proves to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offence.



Confidentiality

Discovered or suspected matters can be reported anonymously or on a confidential basis. Anonymous allegations will be investigated, but consideration will be given to the seriousness of the issue, its credibility and the likelihood of confirming the allegation from other reliable sources.

In the case of allegations made on a confidential basis, every effort will be made to keep the identity of the reporting party secret, consistent with the need to conduct an adequate and fair investigation.

Allegations will not be discussed with anyone other than those who have a legitimate need to know. It is important to protect the rights of the persons accused, to avoid damaging their reputation should they be found innocent and to protect the organisation from potential liability.

Investigation Procedures

The President of the Board, the Treasurer and the ED will investigate all allegations in a timely manner. The investigation may include but is not limited to examining, copying and/or removing all or a portion of the contents of files, desks, cabinets and other facilities of the organisation without prior knowledge or consent of any individual who may use or have custody of such items or facilities when it is within the scope of the investigation.

The reporting party must not attempt to personally conduct investigations, interviews or interrogations related to the alleged fraudulent activity.

Resolution Procedures

The results of the investigation will be reported to the Board. Actions taken against the perpetrator of alleged fraud will be determined by the Board in consultation with legal counsel and advice from the NSW Police.

Relevant Documents

[Code of Conduct](#)
[Register of gifts and benefits](#)
[Gifts, Benefits and Bribes Policy](#)