



# Fraud Prevention Policy and Procedure

## **Purpose**

1. This Policy provides the Australian International Institute of Higher Education ('the Institute') with a framework and guidance to prevent fraud and corrupt conduct by developing, implementing, and regularly reviewing prevention and detection strategies. This Policy does not address all possible situations that may arise within the wide range of activities carried out by and through the Institute but provides a process that can be applied in most situations.

## **Scope**

2. This Policy applies to all stakeholders of the Institute including:
  - a) all staff of the Institute whether full-time, part-time, casual or contract;
  - b) all members of the Institute's governing bodies as outlined in the *Governance Framework*;
  - c) individuals engaged in providing services to or receiving services from the Institute, such as students, contractors or consultants;
  - d) conduct that is included within the scope of the definitions in this Policy (see examples in **Appendix One**).
3. This Policy does not include breaches of academic integrity, which are managed under the provisions of the *Staff* and *Student Academic Integrity* policies and procedures, respectively.

## **Definitions**

4. For the purposes of this Policy:
  - a) **Corrupt conduct** is defined as deliberate dishonesty relating to, or distortion of, the Institute's processes or procedures, including the acceptance of donations or bribes, to obtain advantage for an individual or group of individuals. This could include:
    - i. the improper use of knowledge, power or position for personal gain or the advantage of others;
    - ii. acting dishonestly or unfairly or breaching trust.
  - b) **Fraud** is defined as dishonest, irregular or illegal acts, characterised by a deliberate intent at concealment or false representation, resulting in the diversion of resources, whether for personal gain for the benefit of an individual or a group of individuals with consequent loss to the Institute. Resources may include money, physical assets, equipment or intellectual property.

## **Policy**

### **Policy statement**

5. The Institute aims to develop and maintain a culture of honesty and integrity within the organisation, and to put in place processes that ensure effective prevention, detection and management of fraud and corrupt conduct. The Institute adopts a zero-tolerance approach to fraud and corrupt conduct in all Institute activities. This approach is consistent with the *Staff*



*Code of Conduct, Student Code of Conduct and the law.*

## Principles

6. This Policy is designed to:
  - a) prevent and detect corruption across all areas of the Institute's operations, including those of its related entities;
  - b) ensure that management and governing bodies are aware of their responsibilities for establishing controls and procedures for the prevention and detection of fraud and corrupt conduct;
  - c) ensure that all stakeholders are aware of the Institute's expectation that they will refrain from corrupt conduct, fraudulent activities and maladministration;
  - d) encourage all stakeholders to report matters that they suspect may concern corrupt conduct;
  - e) provide assurances to all stakeholders and the wider community that any suspected corrupt conduct will be fully investigated, and sanctions imposed;
  - f) ensure that all reports of fraud and corrupt conduct are treated with confidentiality and care.

## Procedure

### Possible areas of potential fraud and corruption

7. Fraud and corrupt conduct can potentially occur in any area of the Institute's operations. Some examples of conduct which could represent fraud, corrupt conduct or serious and substantial waste of the Institute's funds are included in **Appendix One**.

### Prevention strategies

8. The Institute ensures a sound and sustainable ethical culture through a process of awareness training and the development of robust policies, procedures and monitoring and auditing processes.
9. Senior staff and members of governing bodies are expected to model ethical conduct at all times and to demonstrate a high level of commitment to controlling the risk of fraud and corrupt conduct within the Institute.
10. All Institute stakeholders will have a general awareness of fraud and corrupt conduct and understand how any such activity should be managed if it is detected or suspected.

### Detection strategies

11. The Institute implements the following detection strategies:
  - a) regular internal and external audits as outlined in the *AIiHE Governance Framework*;
  - b) identification and assessment of early warning signs to detect fraud by training key personnel to recognise 'red flags' and respond appropriately;
  - c) ongoing monitoring of financial activity which includes but is not limited to:
    - i. data analysis activities of invoice numbers and bank account numbers to detect patterns and relationships that might highlight fraud, irregular behaviour or inconsistencies as evidence of duplicate payments;
    - ii. reviews of financial statements to detect fraud through a comparison of the Institute's budget reports, expenditure against appropriate benchmarks or trends in bad or



- doubtful debts;
- iii. post-transaction reviews to detect fraud by focussing on authorisations, adherence to guidelines on expenditure receipting and missing documentation, to detect altered or missing documents or falsified or altered authorisations;

### Reporting of suspected instances

12. All stakeholders are encouraged to report any suspected fraud, corruption or mismanagement as soon as possible as follows:
  - a) staff should make reports to their immediate supervisor. If for any reason this is not appropriate the report should be made to the relevant senior manager, being the Academic Dean or Student Services Manager who should in turn submit the report to the Chief Executive Officer (CEO) or alternative delegate where required.
  - b) students should lodge a report directly with the Academic Dean, or Student Services Manager;
  - c) members of governing bodies should lodge a report with the Chair of the relevant governing body.
13. Reports can be made orally or in writing and should clearly explain the basis for the allegation. The Institute will treat all information disclosed in a confidential manner so far as circumstances permit and will provide appropriate protection for those who make disclosures in accordance with the *Whistleblowers Protection Act 1994 (QLD)*.
14. All staff are expected to operate in good faith in respect of any allegations made and will be required to cooperate with any investigation.
15. On receiving any report of fraud or corruption the CEO, alternative delegate or Chair of the relevant governing body, must:
  - a) communicate any reports that have the potential to impact on the operations or reputation of the Institute to the Chair of the Audit and Risk Committee;
  - b) submit the report to the Board of Directors via the Governing Council where appropriate.

### Response to allegations

16. All allegations of fraud, corruption or mismanagement must be appropriately recorded, investigated and resolved.
17. Depending on the nature of the report received the Board of Directors may direct that a working group be convened to manage an investigation.
18. The working group will recommend an appropriate course of action, which may include:
  - a) the appointment of an independent investigator;
  - b) disciplinary action under the relevant employment agreement;
  - c) referral to law enforcement agencies and/or other external agencies as appropriate;
  - d) a strategy or process to recover money, assets or property.
19. The Institute is committed to ensuring persons who are the subject of a report of fraud or corrupt conduct are:
  - a) provided with appropriate guidance and support;
  - b) treated fairly, impartially and within the principles of natural justice;
  - c) informed of their rights and obligations;
  - d) kept informed during any investigation;



- e) given the opportunity to respond to any allegations made against them; and
- f) informed of the result of any investigation.

### Recording and reporting

- 20. The Institute will fulfil any duty to report to or cooperate with external agencies.
- 21. The Board of Directors will authorise:
  - a) any external communications in relation to any allegation, investigation or outcome;
  - b) any referral to regulatory organisations, funding bodies or law enforcement agencies.
- 22. All information regarding suspected mismanagement, fraud or corruption will be collected, classified and handled appropriately and have regard to requirements for reporting to law enforcement agencies, privacy, confidentiality, legal professional privilege and the requirements of procedural fairness and natural justice.

### Responsibilities

- 23. Senior staff and members of governing bodies are responsible for:
  - a) ensuring that an adequate system of internal control exists within their area of responsibility appropriate to the risk involved and that those controls are properly operated and complied with;
  - b) receiving reports of alleged fraud and misconduct;
  - c) escalating reports as appropriate.
- 24. The Board of Directors is responsible for:
  - a) receiving reports of alleged fraud and misconduct;
  - a) arranging for a working party and investigation where appropriate;
  - b) acting on the outcome of any investigation;
  - c) authorising referral to law enforcement agencies where required and any external communications.
- 25. All stakeholders are responsible for:
  - a) complying with the internal controls, systems, relevant policies and procedures that apply to them in relation to carrying out their duties or functions of the Institute;
  - b) ensuring that their behaviour and conduct always reflects the standards of the Institute's appropriate codes of conduct, policies and procedures;
  - c) not taking unfavourable action against a person that they suspect has reported wrongdoing;
  - d) notifying the appropriate person of any suspicions they have that detrimental action is occurring or has been threatened;
  - e) supplying any information on request;
  - f) reporting any known or suspected incidents of wrongdoing;
  - g) bringing to the attention of the CEO and/or senior staff areas of weakness they have identified in procedures and suggesting improvements to these procedures to reduce the possibility of fraud.



### Associated information

<b>Approving body</b>	Governing Council
<b>Date approved</b>	23 October 2020
<b>Date of effect</b>	Commencement of operation
<b>Next scheduled review</b>	Two years from when policy commence
<b>Policy owner</b>	Chief Executive Officer
<b>Policy contact</b>	Chief Executive Officer
<b>Related AIIHE Documents</b>	<i>Compliance Policy and Procedure</i> <i>Human Resource Management Policy and Procedure</i> <i>Quality Assurance Framework</i> <i>Risk Management Plan</i> <i>Staff Code of Conduct</i> <i>Student Code of Conduct</i>
<b>Higher Education Standards Framework (Threshold Standards) 2015 (Cth)</b>	Standard 6.2, ss 1 Standard 7.3, ss 3
<b>Other related external instruments/documents</b>	<b>Related Legislation</b> <ul style="list-style-type: none"><li>• <i>Tertiary Education Quality and Standards Agency Act 2011 (Cth)</i></li><li>• <i>Criminal Code Act 1899 (Qld)</i></li><li>• <i>Criminal Code Act 1995 (Cth)</i></li><li>• <i>Corporations Act 2001 (Cth)</i></li><li>• <i>Fair Work Australia 2009 (Cth)</i></li><li>• <i>Crime and Corruption Act 2001 (Qld).</i></li><li>• <i>Whistleblowers Protection Act 1994 (QLD)</i></li></ul>

### Document history

Version	Author	Changes	Approval Date
1.0	Not applicable	Original version	23 October 2020

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## Appendix One

### Examples of fraud and corruption

<b>Activity</b>	<b>Example</b>
Misappropriation of resources	<ul style="list-style-type: none"><li>– Assisting in the illegal transfer of assets</li><li>– Causing a loss or creating a liability by deception</li><li>– Theft of cash, inventory, or equipment</li><li>– Unauthorised use or sale of assets for personal benefit</li><li>– Using resources (including equipment) dishonestly, without approval or authority, or for personal advantage</li></ul>
Misuse of position - whether for personal or for supposed organisational advantage	<ul style="list-style-type: none"><li>– Facilitating the dishonest activity of another for a 'consideration' of the benefit gained</li><li>– Improperly using an official position to gain an advantage for oneself or another person</li><li>– Paying or accepting commissions from or to third parties</li><li>– Receiving from a person or offering a bribe or facilitation payment to a person, including those in public office, to influence a decision that would mean that person would violate their official duty</li></ul>
Travel and Entertainment	<ul style="list-style-type: none"><li>– Deceptive or misleading information in Travel Diaries</li><li>– Inappropriate or unauthorised expenditure</li><li>– Inflated or deceptive expense claims</li><li>– Unapproved travel at the Institute's expense</li></ul>
Data assets and IT access	<ul style="list-style-type: none"><li>– Accepting payment for enrolling non-eligible students or altering academic transcripts</li><li>– Provision of usernames and passwords to unauthorised people for a fee or other benefit</li><li>– Unauthorised access, use, release or destruction of data for personal advantage</li><li>– Use of administrative privileges to gain unauthorised access to accounts, work areas or systems</li></ul>
Legal obligations	<ul style="list-style-type: none"><li>– Providing false or misleading information</li><li>– Withholding information contrary to a legal requirement to provide information</li></ul>
Staffing	<ul style="list-style-type: none"><li>– Appointments motivated by a personal relationship and without merit</li><li>– Falsifying documents</li><li>– Unlawful alteration of staff records</li><li>– Use or disclosure of information for a dishonest or unauthorised purpose</li></ul>



<b>Activity</b>	<b>Example</b>
Salaries, wages, allowances	<ul style="list-style-type: none"><li>– Payments to "ghost" employees</li><li>– Authorising payments to employees for tasks not performed or for skills they do not have</li></ul>
Contract management	<ul style="list-style-type: none"><li>– Accepting bribes, facilitation payments and/or "incentive gifts" from suppliers</li><li>– Inflating charges or costs for goods or services or substituting an inferior product to that contracted for</li><li>– Negligent or deliberate mismanagement of contracts for personal advantage</li></ul>
Tender processes	<ul style="list-style-type: none"><li>– Manipulating a competitive procurement process for improper benefit or advantage for any individual or organisation, including the Institute</li><li>– Unauthorised or improper release of pricing or other competitive procurement information</li><li>– Failing to declare a conflict of interest when overseeing competitive procurement processes</li><li>– Accepting inappropriate gifts or benefits without full transparency</li></ul>
Financial transactions	<ul style="list-style-type: none"><li>– Forging or falsifying documents or signatures</li><li>– Dishonestly using procurement forms and processes</li><li>– Causing, assisting, or enabling unauthorised or illegal transfers of funds or access to other benefits or advantages</li><li>– Inappropriate use of Institute credit cards including use for personal purchases</li><li>– Creating and causing payments to fictitious vendors or suppliers</li></ul>