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# Fraud and Corruption Control Policy

## 1. Purpose

The aim of this policy is to formalise Phillip Island Nature Parks ('Nature Parks') commitment to ensuring that fraudulent and corrupt behaviour within or against the Nature Parks is not tolerated. This policy sets out the Nature Parks plans to prevent, detect and respond to incidents of fraud and corruption by establishing robust internal controls and embedding a strong culture of ethical conduct throughout the organisation.

## 2. Scope

	Board Members / CEO	Staff	Volunteers	Contractors	Visitors
This policy applies to:	✓	✓	Note 1	Note 1	Note 1

Note 1: Fraudulent or corrupt conduct by volunteers, contractors and visitors within or against the Nature Parks will not be tolerated under any circumstance. Any behaviour by volunteers, contractors and visitors that is suspected to be fraudulent or corrupt will follow the same response process as detailed below, including reporting to the relevant law enforcement agency when sufficient evidence is available.

## 3. The Nature Parks' Approach to Fraud and Corruption Control


The Nature Parks is committed to conducting its business with the highest standards of personal and organisational integrity, responsibility, transparency and accountability. The Nature Parks is committed to maintaining a culture of honesty and integrity within the organisation and does not tolerate any type of fraudulent or corrupt activity, whether for the purpose of benefiting an individual, an organisation or the Nature Parks.

Prevention and detection of fraud and corruption is the responsibility of all employees. The Nature Parks:

- Maintains a 'zero tolerance' attitude towards fraud and corruption
- Requires that any suspected or detected incident of fraud or corruption be reported immediately
- Provides assurance that all cases of fraud or corruption will be handled and investigated in a confidential, prompt and professional manner, and where relevant in accordance with the Nature Parks Protected Disclosures Policy.

While it is acknowledged that facilitation payments are customary in some foreign locations, these payments are difficult to distinguish from bribery and are questionable from an ethical point of view. Therefore, the Nature Parks does not allow payment of facilitation payments on behalf of the Nature Parks.

The Nature Parks adopts an integrated approach to managing fraud that includes prevention, detection and investigation as part of the organisation's overall business risk and resource management. The Nature Parks is

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committed to protecting public money and assets from any attempt, whether by members of the public, contractors, agents, intermediaries or its own employees, to dishonestly obtain a benefit by deception or other means.

The Nature Parks acknowledges that it is possible that some incidents of fraud or corruption may occur impacting on its business. However, the Nature Parks has a zero tolerance attitude to fraud and corruption and is committed to ensuring that any fraudulent or corrupt behaviour will be detected, reported and investigated. If sufficient evidence is discovered to support an allegation of fraudulent or corrupt behaviour, a referral will be made to the relevant law enforcement agency.


## 4. Definitions

Fraud definitions utilised by the Nature Parks are based on and align with the definitions included within *Australian Standard AS 8001-2008 "Fraud and Corruption Control"*

<b>Corruption</b>	Dishonest activity in which a Board Member, executive (including CEO), manager, employee, volunteer or contractor of the Nature Parks acts contrary to the interests of the Nature Parks 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.
<b>Facilitation Payments</b>	Customary, unofficial minor payments to secure or speed a routine government action. They are known colloquially as "speed money", "grease payments" or "oiling the wheels"
<b>Fraud</b>	<p>Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.</p> <p>Theft of property belonging to the Nature Parks or persons internal to the Nature Parks but where deception is not used is also considered fraud for the purpose of this policy.</p>
<b>Significant or Systemic</b>	Means an incident, or a pattern or recurrence of incidences, which a reasonable person would consider has a significant impact on the Agency or the State's reputation, financial position or financial management. An incident is considered significant for the purpose of this policy if the value is greater than \$5,000 in money or \$10,000 in other property. An item can also be classified as significant at the discretion of the CEO (i.e. if it poses major potential damage to the organisation).


## 5. Accountabilities and Responsibilities

Adherence to the Fraud and Corruption Control Policy is the responsibility of all Nature Parks employees, either through specific responsibilities documented or through general adoption of fraud and corruption control strategies. Effective fraud and corruption control requires the commitment and involvement of everyone at the

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Nature Parks including Board members, employees, volunteers, contractors and agents. **All employees** are expected to support the development of an ethical and honest culture within the Nature Parks.

Role	Responsibility
<b>Nature Parks Board (supported by the Audit, Risk and Finance Subcommittee)</b>	<ul style="list-style-type: none"> <li>• Ownership of fraud and corruption control at the Nature Parks.</li> <li>• Overall responsibility for the Fraud and Corruption Policy and Plan and its operation in the Nature Parks.</li> </ul>
<b>CEO (Supported by Senior Executive Management Team)</b>	<ul style="list-style-type: none"> <li>• Ensure that a Fraud and Corruption Control Plan is established, implemented and maintained in accordance with this policy.</li> <li>• Ownership of Nature Parks Fraud Risk Register including identification, analysis, evaluation and treatment of risks.</li> <li>• Assignment of direct responsibilities/ownerships of risks to employees.</li> <li>• Promotion of an ethical and honest culture at the Nature Parks</li> </ul>
<b>Senior Executive Management Team</b>	<ul style="list-style-type: none"> <li>• Ownership of Fraud and Corruption Risk Management within their portfolio, in accordance with the Nature Parks Risk Management Policy and Framework, including: <ul style="list-style-type: none"> <li>- Identification, analysis and evaluation of fraud and corruption risks</li> <li>- Implementation and performance of appropriate controls</li> <li>- Develop and implement Risk Treatment Plans.</li> </ul> </li> <li>• Assignment of direct responsibilities/ownerships of fraud and corruption risks to employees.</li> <li>• Ensure employees are aware of fraud and corruption control responsibilities.</li> <li>• Escalate any identified instances of fraud or corruption to the CEO for or Financial Controller.</li> <li>• Promotion of an ethical and honest culture at the Nature Parks</li> </ul>
<b>All employees, volunteers and contractors</b>	<ul style="list-style-type: none"> <li>• Understand the Fraud and Corruption Control Policy</li> <li>• Comply with internal control measures, policies and procedures</li> <li>• Be alert to instances of fraud and corruption</li> <li>• Report suspected acts of fraud or corruption to their supervisor or manager, or if that is not appropriate to a Protected Disclosure Officer pursuant to the Protected Disclosures Policy</li> <li>• Assist with any authorised inquiries or investigations into alleged fraud</li> <li>• Promotion of an ethical and honest culture at the Nature Parks</li> </ul>
<b>Financial Controller</b>	<ul style="list-style-type: none"> <li>• Ownership of Fraud and Corruption control across the Nature Parks, including: <ul style="list-style-type: none"> <li>- Development and maintenance of the Nature Parks' Fraud and Corruption Control Policy and Plan</li> <li>- Respond to questions and/or provide training in relation to Fraud and Corruption Control</li> <li>- Assess and monitor compliance with the Fraud and Corruption Control Policy and Plan</li> </ul> </li> </ul>

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- Management and monitoring of the Fraud Risk Register
- Provide reporting on fraud and corruption control to the Board, Audit Risk and Finance Subcommittee, Executive Management and employees.

## 6. Procedures

### Prevention

#### *Fraud risk assessment*

When undertaking business risk assessments, managers will specifically consider the risk of fraud and include such risks in the Nature Parks Risk Register. Fraud risk assessments will be conducted in accordance with the criteria outlined in the Nature Parks' Fraud and Corruption Control Plan. Fraud risk assessments must be conducted at least annually. The results of the fraud risk assessments will be forwarded to the Financial Controller.

Following the annual fraud risk assessment, the Fraud and Corruption Control Plan should be updated with any new risks identified or any control improvement plans. Each new or revised control improvement must be assigned to a specific person with a date by which implementation must be achieved.

#### *Communication and awareness*

As part of the staff induction process, all new employees are required to familiarise themselves with relevant Nature Parks policies. The Fraud and Corruption Control Policy is included in the induction process for all new employees and as part of the annual "re-induction" training for all employees along with protected disclosures training.

#### *Employment screening*


The Nature Parks conducts pre-employment screening for all new employees. Screening checks undertaken prior to employment must include:

- verification of identity (birth certificate, passport or driver licence)
- at least two reference checks
- verification of formal qualifications
- police record check (for higher risk positions).

#### *Supplier and customer vetting*

It is important that The Nature Parks understands the third parties it deals with and any risks they may present to the organisation. The Nature Parks undertakes supplier and customer vetting which includes credit checks and the following further inquiries are also to be undertaken:

- ABN confirmation for Australian registered companies
- telephone listing verification, and
- trading address verification.

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In some circumstances where the risk is deemed to be higher than usual, additional inquiries such as directorship searches and searches for relevant legal proceedings or judgements are also undertaken.

## Detection

### *Detection program (data analysis)*

The Nature Parks undertakes periodic proactive sampling analysis of its electronic data. The testing program will be ongoing and managed by the Finance department. The analysis will focus on the detection of potential indicators of fraud, anomalies or error where no prior concerns or suspicion exist.

### *Internal audit*

Internal audit should not be relied upon to detect or prevent fraud. However, internal audit activity should be planned and conducted in accordance with fraud and corruption detection, prevention and response provisions. Where internal audit processes detect weaknesses in internal controls that may potentially increase the risk of fraud being committed or not detected, specific reference to those findings and any recommendations should be made in the internal audit report.

## Response

### *Internal reporting and escalation*

Nature Parks' employees play a key role in reporting and detecting fraud. Our internal staff reporting systems aim to provide an open and receptive process that encourages employees to be proactive and confident in reporting suspicions when they are first formed.


Suspected fraud must be reported to the employee's immediate supervisor or manager. In the event that it is not appropriate to report suspicions to an immediate supervisor or manager, the matter is to be reported to the Financial Controller and/or CEO or in accordance with the Protected Disclosures Policy.

The Financial Controller in consultation with the CEO, will ensure all disclosures of fraud are assessed and an appropriate response plan is initiated. The response plan will include initiating investigative steps and reporting the matter to appropriate internal management. Only employees who need to know will be made aware of the matter under investigation. An external party may be engaged to assist with the conduct of the investigation.

All significant or systemic instances of fraud or corruption will be reported to the Board immediately.

The Financial Controller will maintain a confidential register of incidents of fraud. Periodically, a summary of past incidents will be reported to the Board via the Audit, Risk and Finance Subcommittee. The Standing Directions of the Minister for Finance Section 3.5 "Fraud Corruption and Other Losses" requires that the Nature Parks notify the Responsible Minister, Audit Committee, Portfolio Department and Auditor-General of any actual or suspected significant or systemic fraud, corruption or other loss.

In line with the Nature Parks' 'zero tolerance' to fraud and corruption, and where sufficient evidence is identified during an investigation to believe that a criminal offence has occurred, such findings and any associated evidence will be referred to the relevant law enforcement agency. Any such report must be approved by the CEO or

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Financial Controller. Except where exceptional circumstances require an immediate police response, no external reporting of unfounded/not yet investigated suspicions will occur, including reports to police or other law enforcement agencies.

Nothing in this policy limits any rights or obligations under the Corporations Act 2001 (Cth), particularly Part 9.4AAA – Protection for Whistleblowers.

#### *Civil action*

In the event that fraud results in a financial loss for the Nature Parks, the CEO (or delegate) will assess whether civil proceedings should be initiated in order to recover those losses, or to assist the undertaking of any investigation. These proceedings may occur at any time after the matter is reported.

Where a prosecution is instigated by police, the CEO (or delegate) will liaise with the relevant police officer to ensure that an application for restitution is made in the event of conviction.

#### *Post-incident review*

Following every confirmed incident of fraud, the Financial Controller will ensure that a review of the adequacy of controls is conducted by appropriate Nature Parks' staff. This review will focus on identifying any control breakdowns and reporting on improvements to mitigate the risk of a similar incident occurring in the future. Where relevant, the results of the review will be communicated to other areas within the Nature Parks that may benefit from control improvements. Post-incident reporting will be provided to the Audit, Risk and Finance Subcommittee.

#### **Insurance**

As part of the Nature Parks annual insurance program, the Financial Controller will undertake a cost/benefit analysis of holding an insurance policy against the risk of loss that may arise from fraudulent conduct.

## **7. Related documents**

<b>Legislation/Regulations</b>	<ul style="list-style-type: none"> <li>• Financial Management Act 1994</li> <li>• Protected Disclosure Act 2012</li> <li>• Standing Directions of the Minister for Finance</li> </ul>
<b>Policies</b>	<ul style="list-style-type: none"> <li>• Protected Disclosures Policy</li> <li>• Code of Conduct Policy</li> <li>• Delegation of Authority Matrix</li> <li>• Conflict of Interest Policy</li> <li>• Risk Management Policy</li> <li>• Disciplinary Policy and Procedures</li> <li>• Gifts, Benefits and Hospitality Policy</li> </ul>
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• Fraud and Corruption Control Plan</li> <li>• Fraud Risk Register</li> <li>• Fraud Risk Treatment Plan</li> <li>• Risk Management Framework</li> </ul>

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Forms	
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## 8. Approval

***Document reviewed by:***

- Financial Controller
- Chief Executive Officer
- Audit, Risk and Finance Subcommittee

***Document approved by:***

- Board

Signed:



Jeff Floyd  
 Chair  
 30 November 2016