



Victorian Strawberry Industry
Development Committee

Fraud and Corruption Control Policy and Procedure

**Circulated to the Committee for adoption
6 February 2019**



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FRAUD AND CORRUPTION CONTROL POLICY AND PROCEDURE

1. PURPOSE

The purpose of this Policy and Procedure is to promote and guide the conduct of all Committee Members, employees and external parties associated with the Victorian Strawberry Industry Development Committee ('the Committee'), with a view to the avoidance of fraud and corruption and management of situations, which may be regarded as unethical conduct or behaviour and to demonstrate that the Committee is committed to the detection and investigation of any such occurrences.

2. POLICY

The Committee is committed to protecting its revenue, expenditure and assets from any attempt by members of the public, contractors, agents, intermediaries, volunteers, Committee members or its own employees to gain financial or other benefits by deceit, bias or dishonest conduct.

The Committee's commitment to fraud and corruption control will be managed by ensuring that fraudulent or corrupt activity is prevented, conflicts of interest are avoided, and auditing systems are in place to deter and/or identify corrupt activities.

In accepting its responsibility for good governance of the strawberry industry's research and development agenda, the Committee will set the example for transparency and integrity in the provision of services to the industry and the management of the Committee organisation.

All reports received will be fully investigated and appropriate action taken. Committee members, contractors and employees must be aware of the Committee's intention to suspend or dismiss employees, report internal and/or external fraudulent or corrupt activity to Police and prosecute Committee members, contractors or employees and any other parties to the matter, found to be involved in fraudulent and/or corrupt behaviour. The Committee will pursue recovery of any financial loss through civil proceedings.

3. SCOPE

This Policy applies to all employees, Committee members contractors (including the Chief Executive Officer), and volunteers engaged directly by the Committee as well as all agents and contractors either engaged by the Committee or by an authorised contractor of the Committee.

4. DEFINITIONS

Corruption can be defined as dishonest activity in which a Committee Member, Executive, Manager, employee, contractor or volunteer of the the Committee acts contrary to the interests of the organisation and abuses his/her position of trust in order to achieve some personal gain or advantage.



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Fraud can be defined as the use of deception or misrepresentation to obtain an unjust advantage or to cause a disadvantage or loss to the Committee, including benefitting another, and includes theft or misappropriation of Committee assets or finances to the detriment of the Committee, the industry and/or its research and development agenda.

Fraud can also involve misuse of confidential information, abuse of discretions, facilities or employment conditions, redirection of goods or services for personal use and inappropriate arrangements with contractors and other third parties.

Offences of fraud may be prosecuted under a number of different Victorian laws. The offences are covered under *the Crimes Act 1958 (Vic)*.

Examples of fraud, for the purpose of this Policy, include but are not limited to:

- Theft and/or misappropriation of Committee revenue in the form of cash, cheques, money order, electronic funds transfer or other negotiable instrument;
- Theft of equipment, parts, software, and office supplies from Committee premises;
- Deliberate over-ordering of materials or services to allow a proportion to be used for personal purposes;
- Submission of sham taxation arrangements for an employee or contractor to circumvent the Committee's procedures for engagement of employees and contractors;
- Submission of fraudulent applications for reimbursement;
- Unauthorised amendment or correction to previously authorised forms;
- Payment of fictitious employees or suppliers;
- Falsification of time or attendance records;
- Damage, destruction or falsification of documents for the purpose of material gain; and
- Misrepresentation of qualifications in order to secure a position of employment or contract.

Corrupt conduct includes asking for, or receiving a benefit of any kind, the acceptance of a bribe, in any form, which is punishable under law by the Victorian common law offence of 'Bribery of a Public Official' and offences under the *Local Government Act 1989 (Vic)*.

Committee employees, contractors and Committee members are to be mindful that the inappropriate acceptance of a gift or hospitality may be seen as acceptance of a bribe.



5. RESPONSIBILITIES

Responsibility for fraud and corruption prevention rests with all levels of management, Committee members, employees, volunteers and agency or contract employees who represent the Committee and who collectively must accept ownership of the controls relative to this Policy.

5.1 **Chief Executive Officer (CEO)**

The Chief Executive Officer has principal responsibility for fraud and corruption control to ensure compliance with the Standards and Guidelines and that appropriate governance structures are in place and effective.

The CEO is responsible for the day to day management of this Policy as well as fraud and corruption control within the Committee.

These responsibilities include:

- Collating information on detected fraud and corruption incidents;
- Recording the response to detected fraud and corruption incidents;
- Managing the investigation of, and resources required for the investigation of, detected incidents;
- Where necessary, reporting matters to Victoria Police or other external agency as necessary;
- Managing reports made to Victoria Police or other external agency;
- Ensuring risk assessment tools on fraud and corruption are available for relevant employees;
- Collating the outputs of fraud and corruption risk assessment exercises conducted across the organisation;
- Co-ordination of the provision of any fraud and corruption awareness training for Committee members, contractors and employees;
- Scheduling internal assessments of high-risk areas of the Committee's operation;
- Reporting any known or suspected incidents of fraud to the Committee
- Other duties as directed by the Committee or its Chair in relation to fraud and corruption control.



5.2 Employees/Contractors/Volunteers

Employees/contractors/volunteers have the following responsibilities:

- be aware of the content and provisions of this Policy;
- assist in the identification of risk exposures to corrupt or fraudulent activities in the workplace; and
- report concerns regarding suspected fraudulent and/or corrupt conduct at the earliest opportunity.

5.3 Committee members

Committee members shall be aware of and where applicable, comply with this Policy.

5.4 Internal Audit

In accordance with an exemption from the Standing Direction of the Minister of Finance (SD 3.2.2) for the 2017-18 Financial Year and onwards, the Committee and its CEO will perform the internal audit function.



6. PREVENTION

6.1 *Risk Assessment*

Regular fraud and corruption risk assessments are to be undertaken by all business areas of the Committee. The Committee and its CEO will perform these risk assessments as required. Areas of weakness identified as part of the risk assessment process are to be mitigated with the implementation of appropriate controls. The outcomes of the fraud and corruption risk assessments will also be provided to any Third Party auditor for consideration in the Strategic Audit Plan.

When new major Policies are being developed, or when there is a significant change to current Policy, the risk of fraud and/or corruption must be considered by the Committee.

6.2 *Mitigating the Risk of Corruption*

The Committee employs the following prevention mechanisms:

- personnel in 'at risk' positions are managed to ensure that improper relationships are less likely to develop;
- high risk providers are subjected to random audits at the discretion of the Committee;
- separation of orders, authorisation or other controls;
- rotation of tasks;
- maintenance of detailed records such as asset registers;
- fraud and corruption risk assessments;
- monitoring of various discrete behaviours which may indicate impropriety;
- internal audit reviews; and
- discrete preliminary investigation into any incidents of concern.

6.3 *Training*

Committee members, contractors and employees will be informed of the Committee's Policy, the consequences arising from fraud and corruption, and who to speak to if they suspect fraud and/or corrupt conduct is occurring. Training and support on the conduct of risk assessments will also be provided by the Committee and/or agent.

6.4 *Employment Screening*

Screening of new employees is an effective fraud and corruption prevention mechanism. The Committee's recruitment and selection process includes the screening of prospective employees and can include Police checks and psychometric testing as well as detailed reference checks to confirm the veracity of the applicant's integrity, identity and credentials.

6.5 *Customer and Supplier Vetting*

Checking the bona fides of new suppliers and customers at the point of engagement can be an effective fraud and corruption prevention mechanism.

Financial checks are also undertaken for all service contracts.



7. DETECTION

7.1 *Reporting Avenues*

The following procedure shall be used for reporting of suspected fraudulent and/or corrupt conduct.

7.2 *Employees*

Where an employee suspects that an act of fraud or corrupt conduct is occurring or has occurred, that employee should report such suspicions to the CEO.

Where the employee does not feel comfortable reporting their suspicions to the CEO, they should report such matters to the Chair of the Committee. If neither of the above options are appropriate, then the employee should report such matters to the Committee in the absence of the Chair and CEO.

7.3 *CEO*

On receiving a report of suspected fraud or corrupt conduct, the CEO must record details of the report, including the time and date the report is made and details of matters raised. The matter must then be reported to Chair of the Committee. Where the issue may involve disciplinary action against an employee, the Committee must also be advised prior to any such action being undertaken.

7.4 *Anonymous Reports*

Although not encouraged, anonymous reports may be directed to the CEO. Adequate supporting information to enable an investigation to be undertaken must be provided.

7.5 *Contractors*

Contractors or other people involved in the contracting processes may become aware of or have information indicating fraudulent or unfair activity in relation to the procurement/tender processes or service provision. Contractors should report any such concerns to the CEO in charge of the contract/tender. Where contractors feel reluctant to report suspected fraud and/or corruption, behaviour that is intimidatory or grossly unfair for fear of repercussions affecting their future business dealings with Committee, they are requested to contact the Chair of the Committee.

As contractors would not normally have access to this Policy, the above advice should be included in all procurement / tender documentation.

8. RESPONSE

All suspected incidents of fraud and/or corruption detected will be investigated pursuant to these procedures. This includes incidents detected through proactive detection programmes or by a report from an employee or other person.

8.1 *Investigation*

All reported incidents of fraud and/or corruption will be assessed by the CEO as to whether an investigation is required. The CEO will advise the Chair of the Committee of the decision



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made whether to investigate a matter or not and where appropriate, the Committee may assist in the decision making process.

Once the decision has been made that the evidence supports further investigation,, the CEO may consult the Independent Broad-based Anti-corruption Commission (IBAC) of the issues and seek their guidance.

The Committee will also advise the Committee's insurers under the obligation of disclosure as may be required by the Insurance Policy.

Should IBAC direct the Committee to initiate an investigation, the CEO may appoint an appropriately skilled and experienced person who is independent of the Committee in which the alleged fraudulent or corrupt conduct occurred.

The independent investigator may be an external law enforcement agency, a manager or other senior person within the Committee or an external consultant such as a specialised fraud investigator operating under the direction of the CEO. The CEO will ensure that the investigator appointed is mindful of legislative provisions that are relevant to the investigation, including the provisions of the *Information Privacy Act 2001*(Vic) regarding the disclosure and use of personal information.

Reports will be received in confidence and the person reporting the event will be protected from any adverse repercussions, provided that there is no evidence of malice.

Any person contacted by an investigator or any other person nominated by the CEO regarding any investigation, must cooperate fully with the process.

Where an external investigation is required by an independent authority or agency, for example the Victoria Police, they will be in charge of the investigation.

In all cases, strict confidentiality and the principles of natural justice will be observed and maintained.

8.2 Investigation Outcome

Once an investigation has been finalised, the investigator will provide a report of the findings of the investigation to the CEO. In consultation with the Chair of the Committee, the CEO will make a determination as to the action required. The course of action taken could include:

- Disciplinary proceedings;
- Referral to Victoria Police for a criminal investigation;
- Referral to another external agency for investigation; and
- Civil action.

8.3 Recovery of Losses

In each case where there is clear evidence of fraud or corruption, the CEO, in consultation with the Committee, will consider all reasonable avenues available for recovering any funds lost or compensation for other fraud losses. Due consideration will be given to the likely



benefits of recovery action exceeding the funds and/or resources required for the recovery action.

9. POLICY APPROVAL AND REVIEW

This Policy & Procedure was circulated to the Committee prior to its 188th meeting on 6 February 2019.

This Policy will be reviewed as required by the Standing Directions 2018 (Under the Financial Management Act 1994).

This Policy will also be reviewed in circumstances where there are major changes to the Committee's business and/or operations or legislation.

The Policy review will take into consideration any changes to the business conditions, outcomes of risk assessments conducted and outcomes to detected fraud and/or corruption events.



10. SCHEDULE OF REVIEWS

Document Control	
Version 1	Circulated for adoption 6 February 2019