

D.12 Anti-Fraud and Anti-Corruption Policy

1.0 INTRODUCTION/BACKGROUND

Fraud is the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain. Corruption is the offering, giving, soliciting or accepting an inducement or reward in order to improperly influence the action of another person and achieve a gain or advantage for oneself, another person or entity.

It is important for Mercy Services to nurture an environment in which fraud and corruption are not tolerated and in which board members, volunteers and employees are naturally reluctant to act dishonestly. This environment will promote a culture where all fraudulent and corrupt activities, once noticed or legitimately suspected, are reported, investigated and resolved in a timely and fair manner.

2.0 SCOPE

The scope of this policy is to apply to all levels of Mercy Services – Board, Management, administration, coordination, and direct client work. Those with greater responsibility for resources and organisational reputation will have greater and more specific roles in preventing and responding to fraud and corruption.

3.0 POLICY STATEMENT

Mercy Services values the integrity of its board members, volunteers and employees, and relies on them to act at all times in an ethical and honest manner. Mercy Services will not tolerate any incident of or concealment of fraud or corruption. Fraudulent or corrupt activity of any kind, including for the benefit of Mercy Services, is expressly forbidden.

Board members, volunteers and employees shall act ethically, in accordance with Mercy Services values.

The Board of Mercy Services has ultimate responsibility for the prevention and detection of fraud and corruption, and is responsible for ensuring that appropriate and effective internal control systems are in place.

Fraud and corruption risk assessment

The Chief Executive Officer (CEO) is responsible for ensuring:

- 1) that appropriate fraud and corruption risks are assessed and acted upon in a manner determined appropriate by the Mercy Services Board;
- 2) reasonable steps are taken to identify fraud and corruption risks within Mercy Services;
- 3) each Manager develops and implements effective fraud and corruption controls;

- 4) monitoring fraud and corruption controls, evaluating whether or not they are appropriate and are performing effectively to mitigate identified risks;
- 5) reporting to the Mercy Services Board on the effectiveness of fraud and corruption risk management strategies adopted for the each Mercy Services area; and
- 6) keeping a Fraud and Corruption Register, which details allegations of fraud and corruption and the outcome of investigations.

Responsibility for the day-to-day management and control of fraud and corruption risks rests with both management and staff. Management and staff are responsible and accountable for managing fraud and corruption risks relevant to their strategic and operational roles and responsibilities.

All supervisors will ensure that there are systems in place within their area of control to:

- assess the risk of fraud and corruption;
- educate employees about fraud and corruption prevention and detection; and
- facilitate the reporting of suspected fraudulent and corrupt activities.

Any fraud or corruption by any employee shall constitute grounds for dismissal.

All staff have the responsibility to report suspected fraud and corruption. Any staff member who suspects fraudulent or corrupt activity must immediately notify their supervisor or those responsible for investigations. In situations where the supervisor is suspected of involvement in the fraudulent or corrupt activity, the matter should be notified to the next highest level of supervision.

Protection of employees making an allegation

In some circumstances Mercy Services employees may want to report suspected fraudulent or corrupt activity anonymously. Mercy Services is committed to protecting those who report the fraud/corruption of others from any form of reprisal, threat, intimidation, victimisation or dismissal following an allegation of suspected fraudulent or corrupt activity made in good faith in accordance with this policy.

Any allegation of fraud and corruption will be treated seriously, investigated promptly, confidentially and impartially.

All members of the Mercy Services Board will be informed of any allegation of suspected fraud or corruption, and the outcome of investigations related to such allegations.

Any misuse of the fraud and corruption investigation process, such as raising malicious or vexatious allegations, will be dealt with as a disciplinary matter.

Examples of fraud and corruption

Examples of fraud and corruption relevant to Mercy Services may include the following (and this list is not exhaustive):

- 1) Using deception to:

- a. obtain property, a financial advantage, or any other benefit (e.g. falsifying expense claims); and/or
 - b. cause a loss, or avoid or create a liability (e.g. false accounting);
- 2) Theft of:
 - a. Cash;
 - b. Equipment; and/or
 - c. Intellectual Property;
 - 3) Unauthorised sale or removal of Mercy Services' Intellectual Property (e.g. removal of Mercy Services documents such as client details, unique procedures, strategy documents);
 - 4) Making or using forged or falsified documents;
 - 5) Bribery, corruption or abuse of office (e.g. giving or receiving "kickbacks");
 - 6) Causing unauthorised benefits to be given to a second party (e.g. manipulation of a tender process);
 - 7) Unlawful use of company computers, vehicles, telephones and other Mercy Services property;
 - 8) Rigging bids or tenders;
 - 9) False cost reporting;
 - 10) Diversion of funds for personal benefit;
 - 11) Falsifying or influencing supplier quotes, resulting in inflated costs;
 - 12) Negotiating below market value leases in return for personal benefit;
 - 13) Making payments to fictitious suppliers and service providers;
 - 14) Falsification of financial statements; and/or
 - 15) Distributing any sensitive or private information related to Mercy Services and its clients.

Investigations

All allegations of fraud or corruption will be investigated.

The Mercy Services Company Secretary or Board Chairman will determine how the investigation will proceed. Investigations may be carried out by a sole investigator or by an Investigation Team.

Investigators are responsible for collecting all relevant information in respect to the allegation.

Investigators will have:

- reasonable access to all Mercy Services records and premises; and
- the authority to examine, copy, and/or remove all, or any part of, the contents of files, desks, cabinets, computers, and any other storage devices or facilities on Mercy Services premises without prior knowledge or consent of any individual who may use, or be responsible for, any of these items or facilities, providing it is related to the terms of the investigation.

Where investigatory evidence supports the allegation of an employee, volunteer or Board member engaging in fraudulent or corrupt activity, one or more of the following actions may occur:

- 1) training;
- 2) performance management;

- 3) other disciplinary action in accordance with Mercy Services policies and procedures as they relate to Mercy Services employees, volunteers or Board members;
- 4) termination of employment or contractual arrangements; and/or
- 5) referral of the matter to the Police, which may lead to prosecution.

The CEO is authorised to implement disciplinary procedures on behalf of the Mercy Services Board in relation to volunteers and employees.

Recovering losses of money or property is a major objective of Mercy Services following any investigation related to fraud or corruption. The Mercy Services Board reserves the right to pursue those who have committed fraudulent or corrupt acts to the full extent of the law, recover any assets lost, and seek criminal or civil restitution, wherever possible.

Relating to external parties

Mercy Services expects that individuals and organisations (such as suppliers, contractors, and service providers) will act with integrity and without thought or actions involving fraud and corruption in all dealings. Where relevant, Mercy Services will include clauses in its contracts about the consequences of fraud and corruption. Evidence of such acts may lead to contract termination and prosecution.

4.0 PROCEDURES

4.1 Prevention

- 1) Fraud prevention accounting procedures are incorporated in the Mercy Services policies related to incoming monies, payments and investment.
- 2) Recruitment strategies shall incorporate fraud prevention: such as applicants shall be required to undergo police checks and where required by the duties of the position:
 - Previous employers and referees shall be contacted for a character reference; and
 - Transcripts, qualifications, publications and other certification or documentation shall be validated.
- 3) Fraud and corruption prevention and detection issues will be included in relevant staff development and induction activities.
- 4) It is the responsibility of the Finance Manager to ensure the effective screening and selection of suppliers to ensure Mercy Services only deals with bona fide parties.

4.2 Reporting Suspected Fraudulent or Corrupt Activity

An individual who is aware of or suspects fraudulent or corrupt activity must promptly report such activity to the CEO or the Site Manager.

The CEO or delegate will notify the Board Chairperson or delegate of the suspected fraud. The Mercy Services Treasurer or Chairman will determine how the investigation will proceed. If an investigation team is to be established, the Chairperson will determine the members of that team.

The CEO notes the allegation of suspected fraud or corruption on the Fraud and Corruption Register.

4.3 Investigations

Investigations may be carried out by a sole investigator or by an investigation team. Investigators are responsible for collecting all relevant information in respect to the fraud allegation.

Depending on the nature and seriousness of the alleged fraud, investigators may consult with, or engage the services of, other persons (such as technical experts with IT or forensic accounting skills) as well as external agencies (e.g. the Police and the Mercy Services' insurer).

If the Investigator(s) finds that the evidence collected does not support the fraud or corruption allegation, this shall be reported confidentially to the individual who was suspected of fraud or corruption and to the complainant. A confidential report will be provided to the CEO or Board Chairperson setting out the investigation process and outcome. A summary of this report is provided to all members of the Mercy Services Board. The disclosure of that report or any part of that report to any other person will be determined by the Mercy Services Board.

If the Investigator(s) finds that the evidence supports the fraud or corruption allegation, it will provide a confidential report to the CEO or Board Chairperson. This report will include a recommended course of action and suggestions for improvements to internal Mercy Services systems. A summary of this report will be provided to the Mercy Services Board.

The CEO notes the outcome of the investigation on the Fraud and Corruption Register.

4.4 Proven Fraudulent or Corrupt Activity

If a suspected fraud or corruption is proven, the Mercy Services Board through the CEO will:

- 1) Follow disciplinary procedures relevant to the individual who has conducted fraud or corruption;
- 2) Quantify the loss and seek repayment or reparation;
- 3) Direct the person responsible for the area in which the fraud or corruption has taken place, to change Mercy Services controls in order prevent recurrence and to mitigate further losses;
- 4) Revisit the reasons for the fraudulent or corrupt activity, evaluate measures taken to prevent recurrence, and recommend further actions required to respond to future responses to allegations of fraud or corruption;
- 5) Refer the matter to the police, if necessary;
- 6) Advise Mercy Services' insurers, if necessary;
- 7) Keep relevant individuals informed about the incident and Mercy Services' response; and
- 8) Authorise one person to speak to the media, if required.

4.5 Communication

All employees will be made aware of this Policy upon employment.

Fraud and corruption risk is regularly scheduled as an agenda item at Mercy Services Board Meetings

Agreements with external parties will communicate the key messages from Mercy Services' Anti-Fraud and Anti-Corruption Policy.

4.6 Training

Mercy Services employees involved in the review of internal control systems and investigative work will be properly experienced and regularly trained. The development of appropriate knowledge and skills in respect of fraud and corruption awareness, prevention, detection and investigation applies across Mercy Services. Mercy Services will use regular staff meetings to promote knowledge of fraud and corruption responsibilities and procedures to Mercy Services employees.

5.0 REFERENCES

1. Australian Standards	a) None identified
2. Legislation	a) Fair Work Act, 2009 (Cth) b) Work Health Safety Act, 2011 (NSW) c) Anti-Discrimination Act, 1977(NSW)
3. Professional guidelines	a) None identified
4. Codes of Practice	a. None identified
5. Codes of Ethics	a) Australian Association of Social Workers Code of Ethics http://www.aasw.asn.au/document/item/1201 b) Australian Psychological Association Code of Ethics http://www.psychology.org.au/Assets/Files/Code_Ethics_2007.pdf c) The Nursing and Midwifery Board of Australia. Registration Requirements http://www.nursingmidwiferyboard.gov.au/Registration-Standards.aspx d) Integrity in the Service of the Church https://www.catholic.org.au/media-centre/media-releases/cat_view/10-organisations/38-national-committee-for-professional-standards e) Mercy Services Code of Conduct
6. Evidence	a) None identified
7. Mercy Services Values	a) Justice, Respect, Care, Unity, Service

6.0 OTHER RELATED POLICIES

- A.02 Code of Conduct – Board Policy
- A.03 Code of Conduct – Staff/Volunteers Policy
- B.02 Delegations
- C.01 Management Roles and Responsibilities
- C.06 Risk Management
- D.04 Payments
- D.05 Incoming monies
- D.09 Use of Facilities and Equipment
- D.10 Security
- D.11 Insurance
- F.06 Managing Poor Performance or Conduct
- F.07 Staff Grievances

G.11 Security at Mercy Services Centres
G.19 Offices and Buildings WHS Management

7.0 RELATIONSHIP WITH STANDARDS

<i>Aged Care Accreditation Standards</i>	<i>Home Care Standards</i>	<i>Disability Standards</i>	<i>EQulP Standards</i>
1.2, 1.5, 1.6, 1.7, 1.8, 1.9, 2.2, 3.2,4.2, 4.5, 4.6	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 2.1, 2.2, 2.3, 2.4, 2.5, 3.1, 3.2, 3.3, 3.5	6.3, 6.5, 6.6	1.1.1, 1.1.2, 1.1.4, 2.1.2, 2.1.3, 2.2.2, 2.2.4, 3.2.1, 3.2.5

8.0 DOCUMENT CHANGES RECORD

<i>Dates of change</i>	<i>Section altered</i>	<i>Natures of changes made</i>
09/12/2003	Section 15 Administration and Office Procedures	First record of administration in Policy
09/02/2010	All sections	Major revision
23/03/2011	7.0 Relationship to Standards	Replace HACCP Standards and CACP Standards with Community Care Common Standards and update to EQulP 5 Standards
26/11/2012	All Sections	Organisation name updated.
31/05/2016	a) All sections b) 4.5 Communication c) 5.0 References d) 6.0 Other related policies e) 7.0 Relationship to Standards	a) Replaced General Manager with CEO and Senior Officer Finance & Administration with Finance Manager. b) Remove requirement that all staff be given a copy of this policy and that they annually sign a statement of compliance c) Updated legislation and Codes of Ethics d) Update list e) Add Aged Care Accreditation and update Disability Standards
Review due 31/05/2019		

Mercy Services Suspected Fraud and Corruption Notification Form

INSTRUCTIONS: Please complete this form and return to the CEO or Site Manager.

All correspondence will be kept confidential.

Please refer to the Mercy Services Anti-Fraud and Anti-Corruption Policy for our policy on protecting employees making an allegation.

Your Details (optional)

(If you would like to be contacted upon resolution of this matter, include your contact details in this section.)

Name:.....

Address (external parties):

Phone:.....

Position:

Details of the suspected fraudulent or corrupt activity

Who do you believe the act or actions were committed by?

What is the date of the suspected activity(s)?

Please provide details of the incident or event(s):

Anything else?

Mercy Services CEO Only

- Form Received. Date _____
- Mercy Services Board notified. Date _____
- Notification added to the Fraud and Corruption Register Date _____
- Follow up communication Date _____

Other Comments:

APPENDIX 2

Procedures for the conduct of an investigation

The following procedures for the conduct of an investigation are a guide. However, each incident will be assessed and the required investigative response will be determined on a case by case basis.

The procedures are as follows:

- 1) Determine and clarify the specific issues to be investigated
- 2) Obtain any electronic evidence which may support or refute the allegations. Such evidence may include:
 - Computer Forensic Imaging
 - Server Log Files – firewall, network access
 - E-mail records and databases
 - Financial systems information
- 3) Obtain any hardcopy information which may support or refute the allegations. Such information may include:
 - Expense reports and receipts
 - Payroll data
 - Supplier invoices
 - E-mail printouts
 - Run sheets
 - Banking records
 - Receipt books
 - Other relevant documents
- 4) Ensure all evidence is recorded accurately utilising designated exhibit logs, books or journals
- 5) Evidence should be secured in a locker or safe with restricted access
- 6) Take statements and complete records of interview with relevant witnesses / “whistleblowers” including:
 - Full name/DOB/Position etc.
 - Who is involved in the incident?
 - How many persons are involved in the incident?
 - How did each incident occur?
 - What evidence is available to support each incident?
 - Where did the incident occur?
 - What has occurred in the incident?
 - Why did the incident occur?
- 7) Interview the suspect against whom the allegations have been raised, where required
- 8) Complete a comprehensive report detailing the background to the allegations, the evidence in support of the allegation and any recommendations for further actions
- 9) Report the results of the investigation to the CEO, Board Chairperson or Board delegate
- 10) Access to files and reports should only be given to people for official purposes and on a needs basis.