



The Institute of Internal Auditors - Australia

Fraud Control Policy

October 2019

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Distribution

Position	Hardcopy	Electronic	Date Last Updated
Chief Executive Officer	✓	✓	October 2019
Company Secretary	✓	✓	October 2019

Document Change History

Version	Date Last Revised	Author	Change Description
V1	October 2019	Risk Management Coordinator	Initial Version

Review of Policy

To be Reviewed	<ul style="list-style-type: none"> • Triennially, with reviewed document to be considered by the Audit and Risk Committee • Whenever there is a business change (including to responsibilities) affecting the Policy
Last Review	October 2019
Next Review	October 2022

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File Name	IIA-Australia Fraud Control Policy October 2019

1. Purpose

The purpose of this policy is to protect the organisation against fraud by adopting fraud prevention measures, fraud detection measures and by establishing a consistent response to fraud. This is in the interests of clients, members, workers and other stakeholders in order for the Institute of Internal Auditors in Australia (IIA-Australia) to maintain a high ethical standing within the community.

Reputational damage arising from lax fraud control procedures can lead to a significant decline in confidence in the IIA-Australia. It can have an adverse impact on the scale of membership as well as the perceptions of business partners in their ongoing assessment of IIA-Australia's capacity to meet its objectives.

2. Scope

This policy applies to all employees, volunteers, contractors and consultants (referred to in this policy as personnel) in relation to their activities with/for the IIA-Australia.

3. Definitions

Word	Definition
Fraud	Dishonestly obtain or arrange a benefit by deception or other means including misuse of power, position, authority or resources.

For the purposes of this policy, the term fraud includes corruption. Examples of fraud include:

- Bribery, extortion and blackmail;
- Secretly permitting personal interests to override corporate interests;
- Secretly giving or accepting gifts and benefits in return for preferential treatment to the giver;
- Collusion, false quotes, false invoices or price fixing;
- Manipulating design and specifications or processes for personal gain or to conceal defects;
- Complicity in excessive billing or submission of false support documents or concealment of documents;
- Falsifying job qualifications or work or safety certifications;
- Nepotism (favouring relatives); and
- Privacy breaches or data manipulation with intent to cause harm.

4. References

IIA-Australia policies that should be read in conjunction with this policy include:

- IIA Code of Ethics
- Statement of Business Ethics
- Fraud Control Strategy
- Whistleblower Policy
- HR Policies & Procedures Manual (staff)
 - Conflict of Interests Policy
 - Gift and Benefits Policy
 - Secondary Employment Policy
 - Information Technology Policies and Practices
 - Disciplinary Procedures

4. Policy Statements

The IIA-Australia is committed to minimising fraud and instilling a culture of:

- 'Zero tolerance' of fraudulent and corrupt behaviour;
- Inquiring and investigating all suspected fraud alerts regardless of source or if made anonymously;
- Recovery of losses sustained through acts of fraud through all available avenues;
- Reporting all incidents of fraud to external parties as appropriate.

Actions and improvements to fraud prevention, fraud detection and fraud response measures are detailed in a Fraud Control Plan that is updated annually.

5. Roles and Responsibilities

Everyone in the IIA-Australia is responsible for fraud control. Specific responsibilities are:

Board

- Board members ensure that there are activities and controls in place to address risk, including fraud risk and that those controls are effective; and
- The Board, together with executive management, sets ethical principles that form the foundation of an ethical anti-fraud culture.

Audit and Risk Committee

- Consider key issues in risk assessments or incidents relating to fraud;
- Consider the adequacy of the fraud control strategy and controls.

CEO

- Set the ethical 'tone at the top' to flow throughout the IIA-Australia to entrench a culture of high ethics and integrity;
- Approve terms of reference for any investigation into fraud; and
- Approve or endorse final action to be taken in response to actual incidents of fraud.

Executives and Managers

- Oversee daily operations in which fraud risks may arise;
- Be actively involved in planning activities to prevent, detect and respond to suspected fraud incidents; and
- Introduce and maintain controls to prevent incidents of fraud from arising in their area of responsibility.
- Ensure that actions from a risk assessment concerning fraud are implemented.
- Immediately notify the CEO and/or the Company Secretary of all suspected fraud incidents that are detected within their jurisdiction.
- Respond to the outcomes of any investigation or inquiry into any suspected fraud incident.

Personnel

(Directors, executives, managers, employees, volunteers, contractors and consultants regardless of whether working full time, part time, casual etc.)

- Be continually alert to the possibility of fraud incidents and to internal control lapses.
- Inform their manager, or a more senior officer, or the internal auditor, of any suspected incidents or control lapses or weaknesses.
- Not engage in any fraudulent or corrupt conduct.

Company Secretary

- Facilitate fraud awareness and education.
- Consult with the CEO and Executives about the best course of action when suspected fraud incidents are raised.
- Consult with appropriate line managers and specialist personnel during inquiries or investigation into fraud.
- Ensure there is access to a quality internal investigative capability independent of line management.
- Prepare investigation terms of reference and advise on investigation plans.
- Provide notice to external parties of fraud incidents after CEO approval.
- Maintain the Whistleblower Policy and the governance email for receipt of alerts about serious wrongdoing.
- Report on the effectiveness of the fraud control prevention strategy to the CEO and the Audit & Risk Committee.
- Review the integrity framework regularly.

Risk Management Co-ordinator

- Ensure that fraud is considered in risk assessments.

Internal Audit

- Maintain awareness of the possibility of fraud during audit work.
- Provide advice and guidance on internal controls to prevent fraud.
- Conduct tests of systems that include tests to identify possible fraud.
- Provide specialist investigatory expertise where needed and maintain a manual of investigatory procedures.

External Audit

- Maintain awareness of the possibility of fraud during audit work.
- Notify the CEO and/or the Chair of the Audit and Risk Committee if incidents of fraud are identified.