

WAIS Fraud and Corruption Prevention and Detection Policy



WESTERN AUSTRALIAN INSTITUTE *of* SPORT

CONTENTS

1. Purpose.....	3
2. Policy Statement.....	3
3. Scope.....	3
4. Standards.....	3
5. Responsibilities.....	3
6. Definitions.....	4
7. WAIS Fraud and Corruption Prevention and Detection Procedures.....	5
8. Fraud and Corruption Prevention and Response Strategy.....	7
9. Risk Assessment.....	7
10. Implementation of Proposed Actions.....	8
11. Review of Effectiveness of Strategies.....	8
12. Related Policies.....	9
13. Reporting Suspected Fraud or Corruption Incidents.....	9
14. Review and Revision.....	10

1. PURPOSE

To define the controls that support the prevention and detection of fraud and corruption within WAIS.

2. POLICY STATEMENT

WAIS provides opportunities for talented Western Australian Athletes to achieve excellence in elite sport with support from their home environment. To maintain integrity in this role, it is essential that WAIS is regarded as ethical in all aspects of its operation and that fraudulent events do not impact its reputation or financial position.

3. SCOPE

This policy applies to all directors, employees, contracted coaches, and athletes regarding their work with for or in the representation of WAIS.

4. STANDARDS

- 4.1 WAIS is an agency subject to the *Corruption, Crime and Misconduct Act 2003*, administered by the Corruption and Crime Commission.
- 4.2 WAIS has a zero-tolerance attitude towards fraud and corruption.
- 4.3 Organisational culture is the basis for the prevention of fraud and corruption at WAIS.
- 4.4 WAIS recruitment processes will ensure appropriate consideration of candidate personal values.
- 4.5 WAIS induction processes will include education on the WAIS fraud and corruption policy.
- 4.6 WAIS will maintain and periodically review and update a documented fraud and corruption detection and prevention plan and routinely monitor its implementation.
- 4.7 The WAIS strategic and operational risk processes will include the assessment of fraud and corruption risks.
- 4.8 WAIS will document and implement internal controls to provide reasonable assurance that WAIS operations are free of fraud and corruption.
- 4.9 Any identified potential breach of this policy will be investigated by the “reporting process” documented within the fraud and corruption prevention and detection procedures.
- 4.10 WAIS will maintain a register of confirmed fraud and corruption occurrences and report these annually to the Audit and Risk Committee.
- 4.11 Upon initial suspicion of fraud or corruption incidents, the WAIS Corporate Services Manager’s responsibility is to promptly advise the WAIS Chief Executive Officer. In the event that reporting suspected fraud or corruption to the CEO may be considered inappropriate, the CSM should report to the Chair of the WAIS Audit and Risk Committee or the Chair of the WAIS Board. Serious incidents of misconduct should also be reported to the WA Corruption and Crime Commission.
- 4.12 WAIS will continue upholding safe and ethical practices while supporting and protecting whistle-blowers.

5. RESPONSIBILITIES

The responsibilities for the prevention and detection of fraud and corruption exist at all levels of the organisation, with specific responsibilities assigned as follows:

- 5.1 The Board is the owner of the 'WAIS Fraud and Corruption Prevention and Detection Policy' and is responsible for monitoring and reviewing this policy and the WAIS Fraud and Corruption Prevention and Detection Plan effectiveness. These responsibilities are carried out with the assistance of the WAIS Audit and Risk Committee.
- 5.2 The Chief Executive Officer is responsible for the implementation of this policy.
- 5.3 Directors, employees, contracted coaches, and athletes are responsible for undertaking their obligations diligently and reporting any activities that may be or appear to be irregular or suspicious. (Refer to "Reporting Suspected Fraud or Corruption Incidents" documented within the fraud and corruption prevention and detection Procedures)

6. DEFINITIONS

Terms used in this policy are:

Fraud *Dishonest activity causing actual or potential financial loss to any person or entity, including theft of money 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.*
Australian Standard AS8001-2008

Fraud can take many forms, including (but not limited to):

- 6.1 Theft or obtaining property, financial advantage or any other benefit by deception;
- 6.2 providing false or misleading information, or failing to provide information where there is an obligation to do so;
- 6.3 causing a loss, or avoiding or creating a liability by deception;
- 6.4 making, using or possessing forged or falsified documents;
- 6.5 unlawful use of computers, vehicles, telephones and other property or services;
and
- 6.6 manipulating expenses or salaries

Corruption *Dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity 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.*
Australian Standard AS8001-2008

Corruption is any conduct that is improper, immoral or fraudulent and may include (but not limited to):

- 6.7 conflict of interest;
- 6.8 dishonestly using influence;
- 6.9 Bribery, extortion and blackmail;
- 6.10 failure to disclose gifts or hospitality;
- 6.11 misuse of internet or email;
- 6.12 the unauthorised release of confidential, private information or intellectual property.
- 6.13 Permitting personal interests to override corporate interests;

- 6.14 Collusion, false quotes, false invoices or price-fixing;
- 6.15 Manipulating design, specifications and/or processes for personal gain or to conceal defects;
- 6.16 False job qualifications or work or safety certifications; and
- 6.17 Nepotism

7. WAIS FRAUD AND CORRUPTION PREVENTION AND DETECTION PROCEDURES

7.1 Fraud and Corruption Prevention and Detection Plan

7.2.1 Perpetrators of Fraud and Corruption

Anyone can commit fraud and corruption. It can be done alone or in collusion with others within or from outside WAIS. Fraud or corruption could be perpetrated against WAIS by:

- 7.1.1.1 A Board Director;
- 7.1.1.2 A full-time, part-time or casual staff member;
- 7.1.1.3 A contractor or service provider;
- 7.1.1.4 An athlete; and
- 7.1.1.5 An external person.

7.2 Application

WAIS is committed to minimising fraud and corruption and instilling a culture of:

- 7.2.1 Zero tolerance of fraudulent and corrupt behaviour;
- 7.2.2 Inquiring and investigating all suspected fraud and corruption tip-offs regardless of source or if made anonymously;
- 7.2.3 Recovery of losses sustained through acts of fraud or corruption through all available avenues; and
- 7.2.4 Reporting all incidents of fraud or corruption to external parties as appropriate.

7.3 Fraud and Corruption Awareness and Prevention

Stakeholders (primarily Board members, staff members and athletes) need to be kept informed about WAIS's Fraud and Corruption Prevention and Response Strategy and what part they are expected to play in it. WAIS will achieve this through an application of different methods, including:

- 7.3.1 Providing every employee with a copy of the Staff Code of Conduct as part of their contract of employment;
- 7.3.2 Providing every appointed Board member with a copy of the Board Code of Conduct as part of their induction into the WAIS Board;
- 7.3.3 Informing new staff during induction training;
- 7.3.4 Delivering fraud awareness information and training across WAIS (both management and staff);
- 7.3.5 Making the Board Code of Conduct, Staff Code of Conduct and key attributes of the Fraud and Corruption Prevention and Response Strategy available to all Board members and staff via WAIS's network;
- 7.3.6 Incorporating reminders to staff and athletes of their obligations to ethical conduct and public duties into staff/athlete communications.

WAIS's preventative measures include:

- 7.3.7 Regular review of the integrity framework supporting a culture of integrity and intolerance of fraud and corruption;
- 7.3.8 Risk assessment as part of annual strategic and operational risk assessments;
- 7.3.9 Continual quality improvement reviews of internal control and compliance measures;
- 7.3.10 Pre-employment screening (in accordance with HR Manual section 5 'Selection and Appointment'); and
- 7.3.11 Annual update of fraud control and corruption prevention plans for resolution of shortfalls in any of these preventative measures.

7.4 Fraud and Corruption Detection

The early detection of fraud and corruption is an essential element of WAIS's prevention strategy. Staff members are the key factor in detecting fraudulent or corrupt behaviours. It should be the aim of staff members to detect fraud or corruption before or as soon as possible after it occurs. There are several ways in which fraud and corruption may be detected. These may include:

- 7.4.1 Monitoring high-risk jobs or duties;
- 7.4.2 When internal controls are breached;
- 7.4.3 During monthly reviews of financial management reports;
- 7.4.4 Targeted post-transactional review that may indicate altered or missing documentation, falsified or altered authorisation or inadequate documentary support;
- 7.4.5 Internal audits; and
- 7.4.6 When a staff member notices changes in behaviour patterns such as unusual behaviour or expensive lifestyles of other staff members.

WAIS's detective measures include:

- 7.4.7 Corporate Services Manager (acting as the Fraud and Corruption Control Officer) awareness during reviews and random spot checks;
- 7.4.8 Whistle-blower protection; and
- 7.4.9 Auditor awareness during internal and external audits.

7.5 Fidelity Guarantee Insurance

WAIS is covered by Special Risks insurance. The insurance is renewed on an annual basis (currently 1 March each year). This insurance covers physical loss, destruction or damage to all real and personal property of every kind and description belonging to WAIS or which WAIS is responsible or assumed responsibility to insure prior to the loss. The two components relevant to this strategy include fidelity and burglary or theft. The policy covers any person acting as an employee of WAIS carrying out duties for WAIS. The Finance Department maintains the Special Risks insurance policy.

7.6 Fraud and Corruption Risk Management

- 7.6.1 Strategic External Audit Plan
A strategic external audit plan is prepared each year by the Office of the Auditor General or their delegate and agreed with the Corporate Services Manager. This plan outlines audit and risk management audit activities for the ensuing year.

7.6.2 Internal Audit Plan

An internal audit plan is prepared in collaboration with WAIS' internal auditor and plays a crucial role in preventing and detecting fraud and corruption within WAIS. WAIS outsources its internal audit on a three-year cycle. The internal audit function conducted by the auditor reports to the Corporate Services Manager and the WAIS Audit and Risk Committee. In relation to fraud and corruption control, WAIS's internal audit reviews the controls within WAIS, including:

- 7.6.2.1 The effectiveness of controls – how they are implemented in practice – via observation, interview of key staff, review of records and sample testing;
- 7.6.2.2 Systems testing – detailed walkthrough of significant processes; and
- 7.6.2.3 Special audits where particular areas of concern have been identified.

8. FRAUD AND CORRUPTION PREVENTION AND RESPONSE STRATEGY

8.1 WAIS's prevention and response strategy and measures include:

- 8.1.1 Regular review and revision of the Fraud and Corruption Prevention and Detection Policy;
- 8.1.2 Revision and update of policies to rectify deficiencies;
- 8.1.3 Maintenance of an internal investigative capability mainly implemented through the Corporate Services Manager and the Finance Department;
- 8.1.4 Internal reporting of outcomes and escalation where appropriate;
- 8.1.5 Review of internal controls after every confirmed incident;
- 8.1.6 Application of disciplinary procedures for detected incidents;
- 8.1.7 Civil action to recover losses where appropriate;
- 8.1.8 Maintenance of insurance policies;
- 8.1.9 Public reporting of incidents as appropriate;
- 8.1.10 Media management involvement as appropriate;
- 8.1.11 Reporting to funding agencies of incidents and rectifications measures where appropriate; and
- 8.1.12 Referral to external organisations and agencies, such as Police.

9. RISK ASSESSMENT

WAIS aims to conduct fraud and corruption risk assessments at least once every year. Where appropriate, WAIS may introduce a rolling program of risk assessments. When WAIS undergoes a substantial change in structure or function, or where there is a significant transfer in function (for example, as a result of outsourcing), WAIS may undertake a further fraud risk assessment in relation to the changed functions. This fraud and corruption risk assessment may form part of a general business risk assessment exercised through the annual strategic and operational risk assessments.

WAIS's risk assessment must consider fraud and corruption risks from both within WAIS and from external factors. Risk assessments must also consider potential fraud risks that may emerge in the future. For example, WAIS needs to be aware of the evolving nature of fraud arising from the greater use of external service providers and development in information technology.

Core areas that a fraud risk assessment should consider include:

- 9.1 Information technology and information security;
- 9.2 Electronic commerce and the internet;
- 9.3 Outsourced functions;

- 9.4 Grants and other payments or benefits;
- 9.5 Tendering processes, purchasing and contract management;
- 9.6 Intellectual property;
- 9.7 Revenue collection;
- 9.8 Use of WAIS credit cards;
- 9.9 Travel and other common allowances;
- 9.10 Payments, including salaries;
- 9.11 Property and other physical assets, including physical security.

WAIS documents the risk assessment in order to:

- 9.12 Reflect the risks across the range of functions performed by WAIS;
- 9.13 Measure risks in a comparable way;
- 9.14 Provide a supportable rating of the risks of fraud and corruption, including both the likelihood of a risk occurring and consequences for WAIS if the risk did occur; and
- 9.15 Fine-tune and improve the process, as appropriate.

Fraud and corruption risks are considered in the broader context of overall business risk so that fraud and corruption risk assessments take into account WAIS's strategic planning. Fraud and corruption risks should not be looked at in isolation from the general business of WAIS. There is considerable overlap between financial risk, business risk, audit risk and fraud and corruption risk. Other risk management approaches through the current strategic and operational risk assessments already highlight WAIS's risk profiles and control frameworks, including fraud and corruption risks.

10. IMPLEMENTATION OF PROPOSED ACTIONS

All fraud and corruption risks must achieve a rating of lower than high following after applying one or more of the following mitigation strategies;

- 10.1 Alteration of existing internal control procedures;
- 10.2 New internal control procedures;
- 10.3 Procedures aimed at detecting fraud and corruption; and
- 10.4 Fraud and corruption prevention strategies.

WAIS may also develop proposed actions for risks assessed as being a lower residual risk. To ensure comprehensive implementation and provide a periodic check on progress, management should, where possible, allocate responsibility for achieving each action item.

11. REVIEW OF EFFECTIVENESS OF STRATEGIES

It is expected that the Finance Department reviews the results of the fraud and corruption risk assessments at least annually to ensure that strategies developed during the most recent fraud and corruption risk assessment are reviewed for effectiveness and amended where necessary. The Corporate Services Manager (acting as the Fraud and Corruption Control Officer) coordinates compliance with the annual review of fraud and corruption mitigation strategies.

12. RELATED POLICIES

Other WAIS policies related to this policy are the:

- 12.1 WAIS Human Resources Manual;
- 12.2 WAIS Staff Code of Conduct;
- 12.3 WAIS Board Code of Conduct
- 12.4 WAIS Gifts, Benefits and Hospitality Policy
- 12.5 WAIS Public Interest Disclosure
- 12.6 WAIS Anti-Doping Policy
- 12.7 WAIS Anti-Match Fixing Policy

13. REPORTING SUSPECTED FRAUD OR CORRUPTION INCIDENTS

Suspected fraud or corruption incidents concerning WAIS are to be reported to either:

- 13.1 The WAIS Corporate Services Manager, acting as the Fraud and Corruption Control Officer; or
- 13.2 The WAIS Chief Executive Officer, in the event of fraud or corruption, is suspected of having been committed by the Corporate Services Manager.
- 13.3 The Chair of the Audit and Risk Committee or the Chair of the WAIS Board in the event reporting suspected fraud or corruption elsewhere may be considered inappropriate
- 13.4 Suspected incidents of serious misconduct may also be reported to the WA Crime and Corruption Commission

All persons to whom this policy applies to are encouraged to come forward and should feel able to report a fraud or corruption concern directly without fearing potential acts of retribution by co-workers and managers. Whistle-blowers are protected by the 'WAIS Public Interest Disclosure Policy' section 3.4.1 stating 'Subject to a number of exceptions, the identity of the discloser and identity of any person to whom a disclosure relates, is to be kept confidential.'

The Fraud and Corruption Control Officer (Corporate Services Manager) is responsible for investigating apparent or suspected fraud and corruption. Only the Fraud and Corruption Control Officer and the Chief Executive Officer can delegate the responsibility of investigating to an independent party. The standards to be met by the independent party conducting an investigation are:

- 13.5 Appropriately skilled and experienced, who are independent of the business unit in which the alleged fraudulent or corrupt conduct occurred; and
- 13.6 Should be an external law enforcement agency, a manager or other senior person within the organisation or an external consultant operating under the direction of an independent senior person within the organisation.

At the point where it becomes probable that an incident of fraud or corruption has occurred, the Fraud and Corruption Control Officer or the Public Interest Disclosure Officer (Corporate Services Manager) will prepare a report to notify the Audit and Risk Committee and the WAIS Board of the incident. If a reported suspected fraud or corruption incident is investigated and found to be true, it will automatically trigger a post-incident review of internal controls. Existing internal control procedures will require a review and potential alteration so as to counter against the same type of incident reoccurring in the future.

14. REVIEW AND REVISION

This policy, and all related appendices, will be reviewed according to the policy review schedule and as deemed appropriate.

Policy review will be undertaken by the Audit and Risk Committee and any revisions approved by the Board.

Revision History

Date	Version	Reviewed by	Changes made
31/8/2020	1.2	Audit and Risk Committee	Policy updated
9/08/2021	2.0	Audit and Risk Committee	Policy updated
15/09/2023	2.1	Audit and Risk Committee	Policy updated

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