

Fraud and Corruption Prevention Procedure

Section 1 - Purpose

(1) This Procedure outlines the activities undertaken to prevent and respond to fraud and corruption.

Scope

(2) This Procedure applies to all staff, students, customers, contractors, external service providers and Controlled Entities of Macquarie University.

Section 2 - Policy

(3) Refer to the [Fraud and Corruption Control Policy](#).

Section 3 - Procedure

Responsibilities and Required Actions

(4) This Procedure requires actions by the following:

- a. Director;
- b. Executive Dean / Dean;
- c. Human Resources Officer;
- d. Fraud Control Officer;
- e. Fraud Investigation Officer;
- f. Head of Office / Head of Department;
- g. Manager;
- h. Staff member;
- i. The Executive; and
- j. Vice-Chancellor.

(5) This Procedure includes the following activities:

- a. Develop and Implement Plans and Policies;
- b. Comply with Controls, Policies and Procedures;
- c. Establish Internal Controls;
- d. Review Internal Controls;
- e. Review Effectiveness of Risk Assessment Strategies;
- f. Report Suspected Fraud and Corruption;
- g. Determine Whether to Investigate;
- h. Select a Fraud Investigation Officer;

- i. Investigate Allegations;
- j. Report to Relevant External Agencies;
- k. Take Annual Leave; and
- l. Screen Candidates.

Vice-Chancellor

(6) Ensure that appropriate and cost-effective internal control systems are in place to prevent / reduce / detect fraudulent and corrupt activities.

(7) Delegate to the Vice-President, Finance and Resources the role of Fraud Control Officer.

Staff Member

Comply with Controls, Policies and Procedures

(8) You are required to:

- a. comply with all controls, policies, procedures, the [Staff Code of Conduct](#) and the [Macquarie University Ethics Statement](#);
- b. identify items at risk in your area and devise and implement controls to minimise fraud and corruption; and
- c. assist with any enquiries and investigations of fraudulent or corrupt activity.

Report Suspected Fraud and Corruption

(9) If you become aware of fraudulent or corrupt behavior, you have a duty under legislation to immediately report such activity. Discuss the activity with your supervisor. Any such allegations will be treated in strict confidence and investigated as appropriate.

(10) If you do not consider it appropriate to disclose an allegation of suspected corrupt conduct to your supervisor, you should make disclosure to one of the following:

- a. Executive Dean;
- b. Head of Office;
- c. Fraud Control Officer;
- d. Protected Disclosures Co-ordinator;
- e. Deputy Vice-Chancellor;
- f. Vice-President, Finance and Resources; or
- g. Vice-Chancellor.

(11) You may report by telephone, in writing or in person. The [Protected Disclosures Act 1994](#) offers protection for public officials who make disclosures concerning corrupt conduct, maladministration or serious or substantial waste of public money.

(12) If you are concerned about publicly approaching any of the above people, you can request a meeting with the relevant officer in a discreet location away from the workplace.

Anonymous Disclosure

(13) If you wish to remain anonymous, you may make anonymous disclosure. However, you are encouraged not to make anonymous complaints as they may be difficult to pursue if further information is required. Anonymity will prevent the University reporting back to any complainant. Although the University does not encourage anonymous

reporting, it recognises that there may be useful information in the University community that can assist in preventing and / or detecting fraud and corruption.

Take Annual Leave

(14) One of the indicators in an organisation that fraud or corruption may be occurring is a reluctance to take regular and uninterrupted annual leave. The [Leave - Annual Leave Policy](#) takes this into account and encourages staff to take regular annual leave.

(15) The Audit and Risk Committee, as an audit precaution, requires staff involved in financial management to:

- a. take one period of annual leave of at least two (2) weeks' duration each year; and
- b. take a period of two (2) weeks' annual leave in each year and take no more than 10 single annual leave days each year, if staff are involved in the handling of money.

Fraud Control Officer

Develop and Implement Plans and Policies

(16) Develop and maintain the [Fraud and Corruption Control Policy](#) and this Procedure.

(17) Prepare and implement a Fraud and Corruption Prevention and Response Strategy.

(18) Co-ordinate compliance with the annual review of fraud mitigation strategies.

(19) Examine results from Internal Control Reviews and make recommendations for their improvement.

Determine Whether to Investigate

(20) When a suspected fraudulent or corrupt activity is reported to you, determine who should be responsible for overseeing an investigation according to the nature and scope of the allegation. Depending upon the area of responsibility within the University, determine which one of the following will make the decision to investigate:

- a. Vice-Chancellor;
- b. Deputy Vice-Chancellor (Academic);
- c. Vice-President, Finance and Resources; or
- d. Deputy Vice-Chancellor (Research).

(21) Determine whether to investigate anonymous disclosures of serious allegations on the basis of if they are supported by sufficient evidence to justify an investigation. In making a determination, give regard to the:

- a. seriousness of the issue raised;
- b. credibility of the complaint;
- c. evidence provided;
- d. prospects for further investigation; and
- e. fairness to the person being investigated.

Select a Fraud Investigation Officer

(22) Decide, according to the nature of the suspected fraud, whether the investigation will be done internally or by an external investigator, and determine the required resources to assist with the investigation.

(23) Internal Investigations:

- a. Determine the responsibility for the investigation according to the nature and scope of the allegations of fraud or corruption. Assign an internal Fraud Investigation Officer.

(24) External Investigations:

- a. There may be occasions when you require the use of external investigators to investigate matters arising from allegations of fraud and corruption. If selecting an external investigative service as the Fraud Investigation Officer, give due consideration to the following issues:
 - i. depth of experience, including the outcomes of past work;
 - ii. relevant levels of competency;
 - iii. solvency;
 - iv. potential for conflict of interest where the external service provider is a client of, or provides other services to the University; and
 - v. commitment by the contractor to abide by the Information Privacy Principles under the [Privacy Act 1988](#) (Cwlth) as amended by the [Privacy Amendment \(Private Sector\) Act 2000](#) (Cwlth).

Report to Relevant External Agencies

(25) Refer to, or notify, any relevant external agencies of any allegations of fraudulent or corrupt behaviour that have been identified by the University.

(26) Report to another University:

- a. Where an investigation discloses fraud or corruption involving another University's activities or programs, report the matter to that University.

(27) Report to the Police:

- a. Criminal prosecutions are vital in deterring future instances of fraud and corruption and for educating staff about the seriousness of fraud and corruption. You must refer information to the Police if the preliminary investigation of a matter indicates that a criminal offence may have been committed by an individual. Where a matter involves offences under NSW State law, refer the matter to the NSW Police for investigation and possible prosecution, in accordance with Section 316 of the [Crimes Act 1900](#) (NSW).
- b. When you refer a matter to the NSW Police, you should provide as a minimum:
 - i. a summary of the allegations(s);
 - ii. a list of suspected offender(s) (where known);
 - iii. a chronological account of the facts giving rise to the allegation(s);
 - iv. details of witnesses or potential witnesses;
 - v. copies of relevant documents;
 - vi. copies of all records of interviews, statements, depositions or affidavits obtained including any written statement made by the subject of the investigation; and
 - vii. a nominated contact officer.
- c. Report to the Independent Commission Against Corruption (ICAC):
 - i. Perform the role of compliance officer in accordance with Section 11(2) of the [Independent Commission Against Corruption Act 1988](#) (NSW).
 - ii. Report to ICAC any matter that you 'suspect on reasonable grounds concerns, or may concern, corrupt conduct'. The words 'suspect on reasonable grounds' mean there is a real possibility that corrupt conduct is, or may be, involved.
 - iii. You must report corrupt conduct even if the corrupt conduct did not involve a staff member of the

University.

iv. You must provide the following information when making a report of alleged corrupt conduct:

- a complete description of the allegations;
- the name and position of any public official/s alleged to be involved;
- the name and role of any other person/s relevant to the matter;
- the dates and / or time frames in which the alleged conduct occurred;
- an indication as to whether the conduct appears to be a one-off event or part of a wider pattern or scheme;
- the date the allegation was made or the date you became aware of the conduct;
- what the University has done about the suspected conduct, including notification to any other agency (for example, the Police or the Ombudsman);
- what further action is proposed by the University;
- approximate amount of money (if any) involved;
- any other indicators of seriousness; and
- any other information deemed relevant to the matter.

Fraud Investigation Officer

Investigate Allegations

(28) When directed by the Fraud Control Officer, investigate allegations of fraud or corruption as follows:

- a. define the subject matter of the investigation;
- b. develop an investigation plan;
- c. determine what questions need to be answered, what information is required to answer those questions and the best way to obtain that information; and
- d. structure the investigation to allow the gathering of sufficient reliable information to enable the issue to be properly addressed by proving or disproving matters relevant to the allegation.

(29) Investigative activities can include, but are not limited to:

- a. interviewing relevant witnesses, both internal and external to the University, including obtaining statements;
- b. reviewing and collating documentary evidence;
- c. forensic examination of computer systems;
- d. examining telephone records;
- e. enquiring with banks and other financial institutions, subject to obtaining appropriate court orders;
- f. enquiring with other third parties;
- g. searching and seizing data;
- h. tracing funds / assets and goods;
- i. preparing a brief of evidence;
- j. liaising with the Police or other law enforcement body;
- k. interviewing persons suspected of fraud or corruption; and
- l. preparing reports.

The Executive / Executive Dean / Dean / Director / Head of Office / Head of Department / Manager

Establish Internal Controls

(30) You are responsible for the prevention and detection of fraud and corruption within your area of responsibility and for the implementation and operation of controls that minimise fraudulent and corrupt activities.

(31) Note that there is a strong link between the incidence of fraud and corruption and internal control systems that either allow an incident to occur or fail to detect it after it occurred.

(32) Establish and maintain adequate internal controls for the security and accountability of University resources and to prevent / reduce the opportunity for fraud and corruption to occur. These include:

- a. use of suitable recruitment procedures;
- b. segregating duties;
- c. identifying and declaring conflict of interest or stated interests;
- d. security of physical and information systems;
- e. supervision and internal checks;
- f. approvals within delegated authority;
- g. reconciliations;
- h. budget control;
- i. regular review of management reports; and
- j. clear reporting lines.

(33) Implement mechanisms to:

- a. promote staff awareness of the [Staff Code of Conduct](#), [Macquarie University Ethics Statement](#) and the [Fraud and Corruption Control Policy](#) and this Procedure;
- b. educate staff about fraud prevention and detection;
- c. promote a positive and appropriate attitude towards compliance with laws, rules, policies and regulations;
- d. assess the risk of fraudulent and corrupt behaviour through awareness of the risks and exposures inherent in your area of responsibility;
- e. respond promptly to all allegations or indications of fraudulent or corrupt acts; and
- f. perform initial enquiries of any complaints of fraudulent and corrupt activity and assist with any further investigations.

Review Internal Controls

(34) Evaluate internal controls, requesting support from either the Internal Auditor or the Fraud Control Officer as needed.

(35) Refer reports and recommendations regarding internal control weaknesses to the Fraud Control Officer.

(36) Where the Fraud Control Officer recommends improvements, implement these as soon as possible.

Review Effectiveness Of Risk Assessment Strategies

(37) Review the results of fraud risk assessments at least annually to ensure that strategies developed during the course of the most recent fraud risk assessment are reviewed for effectiveness and amended where necessary.

Human Resources Officer

Screen Candidates

(38) Many employees who commit fraud against their employer are found subsequently to have had a history of dishonesty with previous employers.

(39) During recruitment procedures, include any or all of the following strategies, depending on the requirements and responsibility of the position:

- a. avoid recruitment that could potentially lead to, or be perceived as involving, conflict of interest;
- b. verify identity from a birth certificate or driver's licence;
- c. contact referees;
- d. reference check with the most recent employers;
- e. consider gaps in employment and the reasons for those gaps;
- f. verify transcripts, qualifications, publications and other certification or documentation; and
- g. perform criminal background checks where the position warrants it.

(40) You will need the express permission of the candidate to carry out this pre-employment screening.

Section 4 - Guidelines

(41) Refer to the [Fraud and Corruption Prevention Guideline](#).

Section 5 - Definitions

(42) Commonly defined terms are located in the University [Glossary](#). Definitions specific to this Procedure are contained in the accompanying [Fraud and Corruption Control Policy](#).

Status and Details

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