

Monash University Procedure

Procedure Title	Fraud and Corruption: Control Procedures
Parent Policy	Fraud and Corruption Policy
Date Effective	13-December-2012
Review Date	13-December-2015
Procedure Owner	Chief Operating Officer and Senior Vice-President
Category	Operational
Version Number	1.3
Content Enquiries	fraud.corruption@monash.edu
Scope	<p>All teaching, learning, research, enabling and support activities of the University;</p> <p>All staff including the associated workforce; and</p> <p>All students.</p> <p>Monash South Africa and Monash University Sunway Campus are required to either adopt this policy or ensure that they have policies in place to implement it, with any necessary variations to reflect applicable local laws.</p>
Purpose	<p>Monash University's approach to fraud and corruption is intended to prevent and minimise incidents as well as improve staff awareness.</p> <p>The aim is to ensure the University's assets, revenues, expenditure and facilities are safe-guarded against fraudulent or corrupt behaviour by staff and others. Prevention, control and reporting (in line with this policy and its supporting procedures) are the responsibility of all staff.</p>
PROCEDURE STATEMENT	

1. Summary

These procedures address the University's approach to the:

- **prevention** of fraud and corruption;
- **detection** of fraud and corruption; and
- **response** to fraud/corruption.

Each of these three components is described further below:

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<u>Prevention</u>	<u>Detection</u>	<u>Response</u>
Culture	Reporting	Investigation
Policies and procedures	Monitoring (eg data analysis)	External Reporting
Awareness training		Loss recovery
Early identification of related risks		Disciplinary or legal action
Control strategies such as:		Post -incident review of systems and controls
<ul style="list-style-type: none"> • clearly defined responsibilities • pre-employment and/or pre-responsibility screening • vetting suppliers and customers • financial controls • technology-related controls • asset controls • controls related to students • controls related to research 		
Ongoing review of controls		

These procedures apply to all activities of the University. Monash South Africa and Monash University Sunway campus are required to either adopt this procedure or ensure that they have procedures in place to implement the parent policy, with any necessary variations to reflect applicable local laws.

Responsibility

See the Responsibility section in 6 below.

2. Prevention of Fraud and Corruption

a. Ethical culture

All management and staff are responsible for the development and maintenance of an ethical culture. The University's Ethics Statement details the ethical values and principles that are expected of all staff and students as members of the Monash community.

b. Fraud and corruption policy and procedures

The University will ensure it has Fraud and Corruption Policy and Procedures in place.

Audit and Risk Committee will periodically review the effectiveness of the University's Fraud and Corruption Policy and Procedures. The University will ensure that the Policy and Procedures are up-to-date and displayed on the University's Policy Bank website.

The University also has a range of other policies and procedures which help to prevent fraud and corruption. These include, for example, a number of Conduct and Compliance Procedures, the Procurement

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Policy and Strategic Procurement Procedures (Australia and South Africa only) and the Revenue Handling Policy (Australia). These policies and procedures are listed in an attachment to the Fraud and Corruption Policy.

c. **Fraud and corruption awareness training**

Fraud and corruption awareness training will be provided to staff as part of the mandatory online Ethical and Professional Conduct Training.

In addition to this, the Fraud and Corruption Policy and Procedures will be promulgated to all staff through a targeted awareness exercise.

This training may include, for example, the definition of fraud and corruption, identification of early warning signs or "red flags" for suspected fraud/corruption, the process to follow if fraud/corruption is suspected, roles and responsibilities, and disciplinary measures.

d. **Identifying risks relating to fraud and corruption**

The Risk and Compliance Unit will work with the University to identify risks related to fraud and corruption. These risks will be mapped against internal controls developed to minimise the occurrence of fraud and corruption. Part of this process will include capturing fraud and corruption risks within the University's risk maps.

e. **Robust controls**

All areas of the University will work to put in place appropriate and robust controls against fraud and corruption. Examples of controls include but are not limited to:

- **Responsibilities**. Clearly documented and understood responsibilities in relation to corruption and fraud prevention, identification and response.
- **Key performance indicators** around fraud and corruption control and minimisation incorporated into the performance plans of senior management.
- **Pre-employment and/or pre-responsibility screening** in line with the Recruitment, Selection and Appointment Policy and its associated Procedures. This includes verification of identity (birth certificate, driver's license), reference checks from the two most recent employers, and verification of formal qualifications.
- **Annual leave** procedures to ensure that staff take excess annual leave on a regular basis.
- **Financial controls** including: delegation of authority and decision making rules; limiting authorization of transactions to specific staff; separation of duties (one employee not responsible for all aspects of a transaction); conflict of interest procedures (eg requiring persons with >50k financial delegation to declare conflicts of interest annually); and controls around potential credit card fraud in accordance with the [Electronic Information Security: Payment Card Industry Data Security Standards \(PCI-DSS\) Procedures](#).
- **Technology-related controls** including requiring all new technology to be signed off by an appropriate senior member of staff, prior to release, indicating that internal controls for fraud and corruption have been taken into account during the development or upgrade of the system.
- **Asset controls** including regularly counting assets and comparing results to accounting records. Registers of IT and Communications equipment, provided to staff for business use, are kept in line with the [Conduct and Compliance Procedure - Provision of University IT Equipment and Communication Facilities to Staff](#). Assets are disposed of in line with the Assets Policy and Procedures.

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- **Vendor controls** including confirming the details of all new vendors via the ATO to ensure they are a proper and legal entity, and that the trading name, details and GST status are correct. Checks are performed to ensure no conflict of interest exists between vendors and staff of the University.
 - **Controls related to students.** The Student Charter sets out the key expectations of all students with regard to academic engagement and integrity. Other controls in place include but are not limited to:
 - the admissions process, which provides for cancellation of an application for enrolment if false information is submitted;
 - the requirement for Selection Officers to sign a Declaration of Conflict of Interest form; and
 - processes for the application and granting of credit.
 - **Research controls.** The University has a range of controls in place in relation to research. The [Responsible Conduct of Research Policy](#) and the [Ethical Research and Approvals Policy](#) set out the University's approach to ensure research conducted is of the highest ethical standard. Procedures are also outlined for handling matters when an allegation of research misconduct or serious research misconduct has been made.
- f. **Ongoing review of controls**

The Internal Audit Unit will ensure the effectiveness of these Fraud and Corruption: Control Procedures.

The Audit and Risk Committee is responsible for ensuring the adequacy of the University's fraud and corruption controls.

Responsibility

See the Responsibility section in 6 below.

3. Detection strategies

Reporting

It is the complainant's right and responsibility to elect to take a complaint of improper conduct or detrimental action in reprisal for a protected disclosure to IBAC or the Ombudsman.

Any person contemplating making a disclosure of improper conduct or detrimental action related to Monash University should contact IBAC in the first instance. Monash University's Protected Disclosure Coordinator is not authorised under the PD and IBAC Acts to receive or assess a disclosure.

Any person who chooses to make a complaint directly to Monash, rather than to IBAC or the Ombudsman, will have their complaint dealt with under this procedure for fraud and corruption and/or the procedures for fiscal misconduct, unless Monash University is otherwise instructed by IBAC or the Ombudsman. Monash University's [Conduct and Compliance Procedures - Whistleblowers](#) provides further information on improper conduct and detrimental action.

Except in circumstances where the complainant elects to make their complaint to IBAC or the Ombudsman as noted in the above paragraphs, the University requires all staff to report suspected incidents of fraud and corruption to their Head of Department who in turn will notify Internal Audit. Please refer to "Attachment 2 Reporting" for further information.

At the complainant's election, reporting can also occur through associated procedures including the [Conduct and Compliance Policy](#) and associated Procedures ([Whistleblowers](#)); Enterprise Agreement Disciplinary Procedure; and [Resolution of Unacceptable Behaviour in the Workplace](#).

Monitoring

The University undertakes a monitoring program to detect fraud or corruption as soon as possible should it occur. Examples include, but are not limited to, financial monitoring, management accounting report reviews, transaction review data analysis programs, and identification of early warning signs.

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Responsibility

See the Responsibility section in 6 below.

4. Response strategies

a. Investigation

- If an allegation of fraud or corruption is reported through protected disclosure under the Conduct and Compliance Procedures - Whistleblowers, the approach outlined in those Procedures will apply. Otherwise, all investigations of allegations of fraud or corruption must satisfy any workplace agreement requirement that may apply.
- If an allegation of fraud or corruption against a staff member is reported to the Director, Internal Audit, the Director will consult with the Director, Workplace Relations in relation to any investigatory process to be undertaken.
- If Internal Audit is to manage the investigatory process, Internal Audit will proceed in consultation with other members of an Investigation Task Force. The composition will depend on the type and nature of the fraud/corruption incident but could include, for example: a nominee of the Chief Operating Officer and Senior Vice-President; Director, Risk and Compliance; Executive Director of Monash HR; nominee of the Chief Financial Officer; and other relevant senior executive managers (e.g. Pro Vice-Chancellor (Research) for research related matters).
- Monash HR and the Internal Audit Unit can assist in advising the appropriate composition of the Investigation Task Force.
- The Director, Internal Audit will maintain a complete record of suspected and actual incidents of fraud or corruption that are notified to Internal Audit.
- Internal Audit will follow up on all fraud and corruption investigations of staff members with a written report to the appropriate level of management responsible for the area under review and to the Director, Workplace Relations. This report will include a recommendation as to any measures required to establish and maintain the integrity of the internal control environment.

b. External reporting

All incidents of fraud and corruption will be reported to the appropriate external bodies as outlined in the Fraud and Corruption: Reporting Procedures. Such external bodies could include the Victoria Police, the Victorian Minister for Tertiary Education, the Victorian Auditor General.

c. Loss recovery

The University has crime cover to minimise the loss for incidents of fraud and corruption. If fraud/corruption has occurred and it's likely that criminal proceedings will result, the University's insurer (via the University's Insurance Manager) will endeavour to recover any loss due to the fraudulent or corrupt action.

d. Disciplinary or criminal legal action

- If fraudulent or corrupt conduct is proven, disciplinary action will be taken and may include dismissal. Further information on Monash's disciplinary procedures is contained within the relevant Enterprise Agreements.
- The Victoria Police investigate criminal matters such as fraud and corruption. If the evidence supports a charge, the matter may be placed before a court.

e. Fraud and Corruption Information

Internal Audit will maintain the following information for every reported fraud and corruption incident:

- Date and time of report;

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- Date and time that incident was detected;
- How the incident came to the attention of management (eg. anonymous report, supplier report etc);
- The nature of the incident;
- Value of loss (if any); and
- The action taken following discovery of the incident.

Internal Audit will review the above information on an annual basis and report to the Audit and Risk Committee on any trends noted.

All information received by the University in relation to suspected fraudulent or corrupt conduct will be collected, classified and handled appropriately having regard to privacy, confidentiality, legal professional privilege and the requirements of natural justice.

f. **Reviewing systems and procedures (post fraud)**

In each instance where fraud/corruption is detected, Internal Audit will reassess the adequacy of the internal control environment (particularly those controls potentially allowing the incident to occur) and assist process owners to plan and implement improvements where required.

Responsibility

See the Responsibility section in 6 below.

5. External communication protocol

All communication with the media will be undertaken in line with the University's Media Policy and Procedures.

Responsibility

See the Responsibility section in 6 below.

6. Examples of fraud and corruption

[Attachment 1](#) (pdf 186kb) lists some examples of the sort of conduct that would fall within the University's definition of fraud and corruption and also some behavioural and circumstantial "red flags" that might signal that fraud or corruption is taking place.

Responsibility

See the detailed statement of responsibilities in Attachment 2: Statement of Responsibilities - <http://www.policy.monash.edu/policy-bank/management/audit-risk/attach2-statement-of-responsibilities.pdf>

Responsibility for implementation	Vice-Chancellor and President Chief Operating Officer and Senior Vice-President Provost Portfolio Heads Pro Vice-Chancellors
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	<p>Deans</p> <p>Heads of Schools</p> <p>Faculty Managers</p> <p>Divisional Directors</p> <p>Heads of Units</p> <p>See the detailed statement of responsibilities in Attachment 2: Statement of Responsibilities - http://www.policy.monash.edu/policy-bank/management/audit-risk/attach2-statement-of-responsibilities.pdf</p>
Status	New
Approval Body	<p>Name: Council</p> <p>Meeting: 8/2012</p> <p>Date: 13-December-2012</p> <p>Agenda item: 11.4</p>
Definitions	<p>Corruption: A dishonest act which is contrary to the interests of the University and in which a position of trust is abused. May involve, for example, taking or offering bribes or improper use of influence or position. Corruption also includes acts defined as 'corrupt conduct' and 'improper conduct' under the University's Conduct and Compliance Procedures - Whistleblowers - http://www.adm.monash.edu.au/workplace-policy/conduct-compliance/whistleblowers.html</p> <p>Employees/Staff: Individuals employed by Monash University and its associated workforce.</p> <p>Fraud: The act of dishonestly obtaining a material benefit by deception or other means. Fraud can include, for example, theft, deliberate falsification, concealment or misuse of documentation, or false representation. The University considers fraud an act of serious misconduct and grounds for termination of employment, in accordance with the relevant workplace agreements.</p> <p>Workplace Agreements: These include the University's Enterprise Agreements, individual Contracts of Employment and Australian Workplace Agreements.</p>
Legislation Mandating Compliance	<p>Audit Act 1994 (Vic)</p> <p>Criminal Code Act 1995 No. 12 (COM) - in reference to the Criminal Code Amendment (Bribery of Foreign Public Officials) Act 1999</p> <p>Financial Management Act 1994 (Vic)</p> <p>Independent Broad-based Anti-corruption Commission Act 2011 (Vic)</p> <p>Monash University Act 2009</p> <p>Ombudsman Act 1973 (Vic)</p> <p>Protected Disclosure Act 2012 (Vic)</p>
Related Policies	<p>Tuition Fee Concession for Diplomats and their Dependents Policy (Australia Only)</p>

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Related Documents	<p>AS 8001-2008 Fraud and Corruption Control (Australian Standard)</p> <p>Audit and Risk Committee Terms of Reference</p> <p>Internal Audit Charter</p> <p>List of organisations in which Monash is a majority shareholder</p> <p>Monash University Enterprise Agreements (Academic and Professional Staff; Trades and Services Staff - Building and Metal Trades Staff; Catering and Retail; Cleaning and Caretaking and Miscellaneous Service Staff)</p> <p>Monash University Ethics Statement</p> <p>Monash University Student Charter</p> <p>Risk and Compliance Charter</p> <p>Document 5 Bulletin - Information Sheet for Bribery and Corruption (Monash University)</p>
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