

Reducing the Risk of Fraud and Corruption

1. Policy

North Shore Community Housing is entrusted by government, the community and its tenants to manage its services and assets prudently and fairly.

As such every board member and staff member has a responsibility to guard against fraud and corruption.

2. Legislative and Regulatory Framework

- Crimes Act 1900
- Regulatory Code

3. Linked policies

- Code of Ethics & Conduct
- Investigating breaches of code of conduct
- Disciplinary procedures

4. Definition of fraud

A deliberate or premeditated act which involves using deception to gain advantage from a position of trust and authority.¹

5. Examples of fraud

- Accepting bribes or favours to gain access to housing, alternative housing or better housing
- Accepting bribes or favours to buy or lease certain properties
- Misappropriation of tenant rents or charges
- Unauthorised use of organizational assets
- Stealing organisational assets
- Falsifying time sheets or expenses
- Conspiring with others to get a tender
- Running a private business in working hours
- Sending false or duplicate invoices
- Sending invoices for work not done or not completed

6. Warning signs of possible fraud

The following examples are indicators of a possible (but not definite) problem:

- Conflicts of interest not declared

¹ NSW Audit office

- Undue secrecy and lack of transparency in transactions and processes
- Illogical excuses and reasons for unusual events and actions
- Staff who do not take holidays for extended periods
- Missing documentation or alterations on documentation
- Unusual, unexpected or unexplained large transactions
- Anonymous complaints or rumours from reputable sources
- Agreed policies and procedures not followed

7. Managing the risk

While no organisation can ever be immune from potential fraud an organisation can put in controls to manage that risk.

In order to manage the risk NSCH:

- Has clear guidelines on managing conflicts of interest
- Ensures that all staff members, volunteers and board members sign that they are aware of their responsibility to always operate with the highest level of probity
- Has clear guidelines on donations and gifts
- Has a risk and audit subcommittee which will identify areas of risk and implement controls to manage that risk.
- Undertakes a fraud risk assessment annually
- Reviews processes to ensure a separation of duties in all areas

8. Disclosing fraud or corrupt conduct

A person who suspects corrupt conduct should report it to the appropriate person so that it can be fully investigated.

The appropriate person will vary depending on the nature of the conduct and the persons believed to be involved.

If the suspected fraud or corrupt conduct involves:

- one or more staff members then it can be reported to the CEO or the Chairperson
- the CEO then it can be reported to the Chairperson

Where neither option is practical contact:

- the CEO of the NSW Federation of Housing Associations (the peak body charged with handling breaches of code of conduct)
- The Registrar

9. Investigating possible fraud or corrupt conduct

Investigations need to be handled discreetly. Information should be shared on a 'need to know basis only and all people questioned should be reminded of their responsibilities to maintain confidentiality.

Any investigation should be handled with a view that a person who is alleged to have committed fraud:

- will be presumed innocent till proven guilty
- Should have a right to respond to allegations made against them

Allegations investigated and found to be due to corrupt conduct or fraud may lead to:

- Dismissal (staff or board member)
- Loss of home (if tenant)
- Cancellation of contracts (contractors)

Depending on the nature of the fraud it may also lead to police prosecution.

10. Quality assurance

- Clear guidelines on managing conflicts of interest.
- Clear guidelines in place on handling gifts and donations.
- All staff, volunteers and board members sign that they agree to abide by code of conduct.
- Audit and risk committee in place.
- Annual fraud risk assessment undertaken.
- Clear separation of duties.

11. Approval

This policy and procedure was approved at the Board meeting held on the 26th March 2009.
This policy and procedure is effective as from 27th March 2009.