Fraud, corruption and other losses control policy

**Acknowledgement**

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We acknowledge Aboriginal and Torres Strait Islander people as Australia’s first peoples and as the Traditional Owners and custodians of the lands and waters on which we rely. We pay respect to Elders past and present of the lands where we conduct our work and recognise their ongoing contributions as the first educators on the land now known as Victoria.

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1. Overview

The Fraud, corruption, and other losses control policy (hereafter referred to as the ‘Fraud Policy’) is a comprehensive document established by the Victorian Curriculum and Assessment Authority (VCAA). This policy serves as a foundational framework to address and mitigate the risks associated with fraud, corruption, and other losses within the organisation.

This policy has been established pursuant to Standing Direction 3.5.1 (b) of the Standing Directions 2018 under the *Financial Management Act* (Standing Directions), which mandate that the VCAA, as the Responsible Body, ‘establish a Fraud, corruption and other losses prevention and management policy that is implemented across the Agency.’

This policy applies to all employees within the VCAA. For the purposes of this policy, the term 'employees' encompasses VCAA employees of the direct workforce, as well as any individuals or groups undertaking an activity for or on behalf of the VCAA, including:

* all employees (fixed term, casual, sessional) employed under Ministerial Order No. 1451 – Victorian Curriculum and Assessment Authority employees (Employment Conditions, Salaries, Allowances, Selection and Conduct) Order 2023 (referred to as ‘The MO’)
* Board members

However, it may be the case that some of the legislation, policies and instruments mentioned in this policy may only apply to particular categories of employees. Its purpose is to provide guidance, define key terms, and establish a clear stance and operational model for managing these issues within the VCAA. This overview provides a concise summary of the key components and objectives of the fraud policy.

1. Objectives

* **Legislative obligations:** This policy outlines the legislative obligations that the VCAA is bound by in addressing fraud and corruption. It applies to any circumstances involving actual or suspected fraud, corruption or similar loss.
* **Organisational stance:** The fraud policy conveys the VCAA's commitment to preventing, detecting, and responding to such issues in a systematic and comprehensive manner.
* **Management model:** A management model for the control of fraud, corruption, and other losses is described in the policy. This model outlines the strategies and procedures that the VCAA will implement to address and manage these risks effectively.
* **Reporting requirements:** The policy establishes reporting requirements, making it clear how incidents of fraud, corruption, or other losses should be reported within the organisation. This ensures transparency and timely action when such incidents occur.
* **Employees responsibilities:** The fraud policy delineates the responsibilities of all employees, including fixed-term, casual and sessional employees, as well as executive directors, managers, volunteers, and Board members concerning fraud, corruption, and other losses.

1. Principles

##### 3.1 Ethical Conduct and Values

The policy promotes a strong commitment to ethical conduct and the organisation's core values. Employees are expected to uphold these values in their actions and decisions.

##### 3.2 Confidentiality Protection

Maintaining confidentiality in reporting incidents of fraud and corruption, protecting employees who come forward with information, and ensuring that their identities remain confidential.

##### 3.3 Fairness in Investigations

Investigations into alleged misconduct should be conducted fairly and in accordance with established guidelines. Fairness and due process are essential in addressing fraud and corruption allegations.

##### 3.4 Continuous Improvement

The policy encourages a culture of continuous improvement, indicating that processes should be in place to identify and address areas for improvement in controls and strategies related to fraud, corruption, and other losses

1. Roles and responsibilities
   1. The employer

* provide leadership and oversight to the development and review of the fraud policy
* oversee the VCAA’s prevention, detection and investigation activities with respect to fraud and corruption
* provide advice and guidance to other areas of the VCAA and statutory authorities where required
* oversee statutory reporting of fraud, corruption and other losses in accordance with the PIA Act, IBAC Act and the Standing Directions
* foster and maintain the highest standards of ethical behaviour
* receive, assess and refer potential public interest disclosures
* ensure compliance with VCAA policies, procedures and guidelines, including the fraud policy
* maintain systems, procedures and an enabling culture that supports employees to confidentially report concerns
* receive and act on reports of fraud or corruption by notifying the public interest disclosure coordinator, or any of the VCAA’s public interest disclosure officers if the public interest disclosure coordinator is not available, and otherwise maintain confidentiality regarding the report
* facilitate and support regular workplace conversations in relation to the VCAA’s values and integrity at work.
* establish and maintain a culture of integrity
* ensure fraud, corruption and other loss risks within their business area are identified and managed
* receive reports of suspected fraud and corruption directly, and those referred by the Speak Up hotline, managers or external bodies
* collect and provide information to IBAC and the Ombudsman
* ensure welfare support is provided to people who make public interest disclosures.
  1. Employees
* uphold the code of conduct by demonstrating our values at all times in the workplace
* understand and comply with all VCAA policies, procedures and guidelines
* identify, manage and mitigate fraud, corruption and other losses risks
* report suspicions of fraud, corruption and other losses to an appropriate manager, the public interest disclosure coordinator, the Secretary, or IBAC
* support and apply fraud and corruption prevention initiatives
* undertake all mandatory induction and training
* maintain the security of the VCAA’s assets, including physical assets, data and intellectual property.
  1. VCAA audit and risk committee

The VCAA audit and risk committee assists the Secretary in fulfilling statutory responsibilities by independently reviewing and assessing the effectiveness of the VCAA’s systems and controls for financial management, performance and sustainability, including risk management.

4.6. Oversight bodies

Oversight bodies, including the IBAC, the Victorian Ombudsman, the Victorian Auditor-General, and Victoria Police, play a crucial role in holding the VCAA accountable for its performance and investigating allegations of fraud or corruption when necessary.

* 1. Examples of fraud, corruption and other losses controls

**General controls**

* Adherence to VCAA policies: Ensure compliance with established policies and procedures
* Employee screening and training: Implement thorough employee screening, induction, and training processes
* Expense and travel policies: Maintain clear policies and controls for employee expenses and travel
* Conflict of interest management: Identify and manage conflicts of interest among employees, managers and directors, in various roles and situations
* Enforcement of consequences: Consistently enforce consequences for wrongdoing, such as fraud, corruption, or policy violations, to promote a culture of accountability.

**Physical controls**

* Asset security: Implement physical security measures like locked storage to protect assets
* Access control: Control access by tracking keys and limiting it to authorised personnel
* Entry and exit control: Use access control mechanisms at entry and exit points
* Asset protection: Safeguard valuable assets, documents, and data
* Electronic access: Require authorised individuals to use electronic cards for entry
* Visitor accompaniment: Ensure visitors are accompanied by authorised personnel.

**Management controls**

* Strategic planning: Develop long-term plans and strategies to achieve arganisational goals
* Clear authority: Establish and communicate clear lines of authority and decision-making to employees
* Policy creation: Create policies that set guidelines and expectations for employees and ensure their effective communication
* Project management: Define projects, track progress and performance, and manage changes to project scope
* Continuous improvement: Implement processes to identify and address areas for improvement
* Performance reporting: Generate and distribute reports for insights into organisational performance.

1. Expectations
   1. Reporting obligations

**Public interest disclosures**

Under the *Public Interest Disclosures Act 2012* (PID), the VCAA establishes procedures for disclosures. The PID Act encourages and facilitates making disclosures of improper conduct by public bodies or public sector employees and provides protections to persons who make valid ‘public interest disclosures’. This process is commonly known as ‘whistleblowing’. These protections are intended to ensure that those making public interest disclosures are not subject to detrimental action taken in reprisal against them for having made the disclosure(s). The VCAA assesses reports, which may be referred to IBAC. This system protects whistleblowers and mandates strict confidentiality.

Further information about public interest disclosures can be found on the IBAC website [link]

**Mandatory notifications**

Under the *Independent Broad-based Anti-corruption Commission Act 2011* (IBAC), the VCAA division's executive director must report any suspected corrupt conduct to IBAC, even if it's not considered serious or systemic. This duty extends to connected organisations. Matters that may be potential public interest disclosures do not require mandatory notifications.

Further information about mandatory notifications can be found in the IBAC website Mandatory Notification FAQs [link]

**Reporting of Significant or Systemic incidents**

The VCAA is required to notify all cases of ‘significant or systemic’ fraud, corruption, and other losses to the Responsible Minister, the VCAA's audit and risk committee, and the Victorian Auditor-General. Specific value thresholds define what is considered ‘significant’ in this context.

For the purposes of reporting under the Standing Directions, the VCAA’s defined value thresholds above which an actual or suspected fraud, corruption or other loss is considered ‘significant’ are $5,000 in money, $50,000 in other property, and $1,000 for purchasing cards.

**Criminal offences**

Internal and external fraud, theft or other criminal offences that are perpetrated against the VCAA that result in financial loss must be reported to Victoria Police.

In relation to external fraud, the executive director of the business area that sustained the loss is responsible for ensuring the matter is reported to Victoria Police.

**Recording fraud, corruption and other losses**

All employees must notify Integrity, Assurance and Executive Services Division (IAESD) through the VCAA division’s executive director in any instance of fraud, corruption or other losses. IAESD will record all such matters in the fraud and corruption control case register for the purpose of monitoring and reporting. This information will be kept securely and limited to employees within the fraud corruption control (FCC) unit.

* 1. Consequences and Recovery

**Investigation**

The FCC unit evaluates allegations and may conduct its own investigations. Action may be delayed if matters are assessed or investigated by external bodies (Victoria Police).

If the FCC unit investigations yield adverse findings, they are reported to the employees’s manager. This could result in disciplinary action in accordance with relevant VCAA policies, procedures and industrial instruments. Pursuant to the MO 3.5.1 (3), the employment of an employee may end or be terminated without notice when the employer believes on reasonable grounds that the employee’s conduct is sufficiently serious to justify immediate dismissal. Such serious misconduct includes fraud.

**Recovery**

The VCAA will take action to recover losses caused by fraud or corruption, or other losses (where avenues for recovery exist), where there is clear evidence of who is responsible for the loss and taking into account whether the likely benefit of such action will exceed the resources required for that action.

The VCAA will make all reasonable attempts to recover losses of public money, assets or property, sustained as a result of fraud, corruption or other losses, in accordance with the *Financial Management Act 1994* (FM) and its regulations.

* 1. Definitions

The VCAA has adopted the following definitions of fraud and corruption as set out in Australian Standard: Fraud and Corruption Control AS 8001-2021.

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| Term | Definition |
| **Fraud** | Dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by persons internal and/or external to the organisation and/or where deception is used at the time, immediately before or immediately following the activity.  This definition therefore includes, but is not limited, to the following types of conduct or omission:   * theft of cash, assets or other property * obtaining property, a financial advantage or any other benefit by deception * providing false or misleading information to VCAA, or failing to provide information where there is an obligation to do so * causing a loss, or avoiding or creating a liability by deception * creating, using, concealing, destroying or possessing forged or falsified documents * bribery, corruption or abuse of office * disclosure of sensitive or confidential information with the discloser obtaining some benefit, and * any offences of a like nature to those listed above. |
| **Corruption** | Dishonest activity in which a person associated with an organisation (e.g. a director, executive, manager, employee or contractor) acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interests of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.  Examples of corruption may include:   * seeking or accepting bribes in hiring or purchasing * dishonestly performing official duties * disclosure of sensitive or confidential information for personal gain * deliberate failure to declare a conflict of interest in order to obtain personal gain or advantage contrary to the VCAA's conflict of interest policy * nepotism in recruitment processes where the appointee has either not been subject to an open and transparent recruitment process, or is not adequately qualified to perform the role to which he or she has been appointed, or * any offences of a like nature to those listed above. |
| **Other loss** | A loss caused by any intentional or negligent act or omission, including theft, vandalism and arson and excluding acts of God. |

1. Managing this policy
   1. Authorisation

This policy is issued under the authority of the Chief Executive Officer.

* 1. Accountability for the policy

The owner for this policy is VCAA Human Resources. The owner reports to the Chief Executive Officer on the management of this policy.

The owner is responsible for:

* development and regular review of this policy
* development of protocols, processes and guidelines to support implementation
* monitoring compliance of applicable employees, organisational units, and/or locations.
  1. Important dates

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| --- | --- |
| Date of adoption: | July 2024 |
| Date of last amendment: | July 2024 |
| Date of next review: | July 2026 |

1. Related documents

* Ministerial Order No 1451.
* Financial Management Act (Standing Directions 2018).
* Public Interest Disclosures Act 2012.
* Independent Broad-based Anti-corruption Commission Act 2011.
* Financial Management Act 1994.
* VCAA conflict of interest policy.