

# FRAUD RISK MANAGEMENT POLICY



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## STATEMENT OF POLICY

LiteHaus International is committed to ensuring it promotes a high standard of integrity and accountability by:

- demonstrating professional behaviour consistent with our role and values, and
- operating in an environment of openness, probity and accountability in all aspects of its operations.

The purpose of this Fraud Risk Management Policy (the Framework) is to provide direction on the strategies adopted by LiteHaus International for implementing and monitoring fraud and corruption prevention, detection and response initiatives and activities. The Policy has been developed referencing the Australian Standard AS8001-2021 Fraud and Corruption Control and forms an integral part of LiteHaus International's Risk Management Process.

LiteHaus International will not tolerate fraud in any aspect of its operations. The organisation will investigate any suspected acts of fraud, misappropriation or other similar irregularity. An objective and impartial investigation, as deemed necessary, will be conducted regardless of the position, title, length of service or relationship with the organisation of any party who might be the subject of such investigation.

Any fraud shall constitute grounds for dismissal. Any serious case of fraud, whether suspected or proven, shall be reported to the relevant and appropriate authorities such as the police and the ombudsman. Any person who suspects the commission of a fraud, related to the operations of LiteHaus International is required to immediately report it to a manager or appropriate person in authority within LiteHaus International. Any person reporting a fraud, or a suspected fraud, shall not be penalised for raising a concern of this nature.

## INTRODUCTION

Just like commercial organisations, not-for-profit organisations may be subject to fraudulent activity and must therefore implement effective prevention strategies to minimise legal and financial exposure. LiteHaus International is committed to an organisational culture that promotes a high standard of integrity and accountability by demonstrating professional behaviours that are consistent with its values and ethics and provides clear direction in supporting an effective risk management strategy, including fraud and corruption risk. LiteHaus International has zero tolerance to fraudulent and corrupt conduct.

The purpose of this Policy is to:

- Ensure that all parties are aware of their responsibilities regarding the identification and prevention of fraudulent activity.

- Ensure that staff/volunteers/contractors understand who to report to in the event that they suspect fraudulent activity.
- Provide a step-by-step guide to respond to an allegation regarding fraudulent activity.
- Express a clear statement to staff/volunteers/contractors forbidding fraudulent activity for the benefit of the organisation.

## SCOPE

All employees have a key responsibility to safeguard against damage and loss through fraud, corruption or misconduct. All employees have an obligation to support efforts to reduce associated risk by behaving with integrity and professionalism in undertaking their duties.

Where employees detect suspected or actual fraud and corruption, they have a responsibility to take all necessary steps to report such conduct. Suspected fraud or corruption will be reported, investigated and resolved in accordance with LiteHaus International's investigation procedures. All legal obligations to the principles of procedural fairness and natural justice will be met.

## RESPONSIBILITIES

The **Board** of LiteHaus International has ultimate responsibility for the prevention and detection of fraud and is responsible for ensuring that appropriate and effective internal control systems are in place.

The **CEO** is responsible for dealing with and investigating instances of fraud reported to them.

All **managers** must ensure that they:

- Assess the risk of fraud within their area of control;
- Educate staff/volunteers/contractors about fraud prevention and detection; and
- Facilitate the reporting of suspected fraudulent activities.

Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert to any indications of such conduct.

All **staff/volunteers/contractors** share in the responsibility for the prevention and detection of fraud.

## ACTIONS

### Reporting

All staff/volunteers/contractors have the responsibility to report suspected fraud.

Any staff member, volunteer or contractor who suspects fraudulent activity must immediately notify their supervisor or the CEO about the concern.

In situations where the staff member, volunteer or contractor notifies their supervisor, the supervisor must then notify the CEO (or the Chair of the Board in circumstances where the suspected fraud involves the supervisor or CEO).

If a member of the public suspects fraudulent activity, they should report it via [incidentreporting@litehausinternational.org](mailto:incidentreporting@litehausinternational.org) or directly to the CEO (or the Chair of the Board in circumstances where the suspected fraud involves the supervisor or CEO).

### **Responding to suspected fraud**

1. Upon notification an allegation pertaining to fraud, the CEO (or Chair of the Board) will promptly arrange to carry out an initial review into the allegation.
2. After an initial review and a determination that the suspected fraud warrants additional investigation, the CEO (or Chair of the Board) shall coordinate the investigation with the appropriate law enforcement officials or external investigator as deemed appropriate. Internal or external legal representatives will be involved in the process, as deemed appropriate.
3. Once a suspected fraud is reported, immediate action will be taken to prevent the theft, alteration or destruction of relevant records. Such actions include, but are not necessarily limited to, removing relevant records / information and placing them in a secure location, limiting access to the location where the records / information currently exists, and preventing the individual suspected of committing the fraud from having access to the records / information.
4. If an allegation of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal (or termination of an individual's right to work as a contractor or volunteer), shall be taken by the appropriate level of management.
5. The organisation will also pursue every reasonable effort, including court ordered restitution, to obtain recovery of any losses from the offender.

Where a prima facie case of fraud has been established, the matter shall be referred to the relevant authorities. If an allegation is made in good faith, but it is not substantiated by the investigation, no action will be taken against the complainant.

The organisation will make every effort to keep the investigation confidential; however, members of the management team may need to be consulted to assist with a review / investigation.

### **CONSEQUENCES**

The failure to act to stop, or to report suspected fraud and corruption may place employees in breach of LiteHaus International's Code of Conduct (Staff & Volunteers). The function of reporting an incident of fraud or corruption is quite separate from investigating, and not all reports will result in an investigation.

### **Responding to Fraud and Corruption Incidents**

Suspected fraud will be assessed, reported and if necessary, investigated in accordance with the principles of confidentiality, procedural fairness and natural justice. The CEO and Board Chair will be advised of all incidences of alleged fraud and be provided with regular updates on the progress of any investigation. LiteHaus International's Policy and Risk Committee will be informed of all instances of alleged fraud and the status of investigations to consider and ensure controls are appropriately designed and implemented. Civil action to recover misappropriated funds or property will be at the discretion of the CEO.

### **a) Preliminary Assessment**

All reported incidents of known or suspected fraud or corruption will be subject to a preliminary assessment by LiteHaus International to determine whether the behaviour should be referred to the Queensland Police Service. The assessment will be undertaken by the CEO (or delegate).

### **b) Disciplinary Procedures**

Appropriate disciplinary action will be taken against staff member/s involved in any misconduct incident.

### **c) External Reporting Requirements**

The CEO will determine whether any information that raises a suspicion of criminal conduct is to be referred to the Queensland Police Service for advice and possible investigation. Reporting incidents to other external parties (for example government funding bodies or the Australian Charities and Not-for-profit Commission) will be assessed on a case-by-case basis by the CEO.

### **d) Recovery and Legal Proceedings**

LiteHaus International may seek to recover any money or assets lost due to incidents of fraud and corruption; and undertake criminal or civil actions as deemed appropriate.

## **DEFINITIONS**

**Fraud** is defined as dishonestly obtaining a benefit, or causing a loss, by deception or other means. It includes, (but is not limited to):

- Forgery or alteration of documents (cheques, bank drafts, bank statements, time sheets, invoices, quotations, agreements, etc.) or bank accounts
- Misrepresentation of information on documents.
- Misappropriation or misuse of funds, supplies, or assets.
- Theft, disappearance, or destruction of assets.
- Improprieties in the handling or reporting of money or financial transactions.
- Authorising or receiving payments for goods not received or services not performed.
- Authorising or receiving payment for hours not worked.
- Inappropriate use of the organisation's records and disclosing confidential and proprietary information to outside parties, without consent.

Fraud requires intent. It requires more than carelessness, accident or error. When intent cannot be shown, an incident may be non-compliance rather than fraud.

## **RELATED DOCUMENTS**

- LiteHaus International – Codes of Conduct
- LiteHaus International – Whistleblowing Policy

