

Fraud & Corruption Procedure

Mandatory – Quality Area 7

Precious Gems Childcare Pty Ltd trading as "Kids Haven Childcare"

Quality Area 7.1

Quality Area 7.1.2

Quality Area 7.1.3

Governance

Management System

Roles and responsibilities

Regulation 117A

Regulation 117B

Regulation 117C

Placing a person in day-to-day charge

Minimum requirements for a person in day-to-day charge

Minimum requirements for a nominated supervisor

Working in conjunction with the Fraud and Corruption Policy, this procedure aims to help guide the steps taken for preventing, controlling and investigating fraudulent activity within the Service.

1. Preventing Fraudulent Activity &/or Corruption

The Approved Provider is obliged under law to meet a range of conditions for continued approval to administer childcare funding.

The Approved Provider is responsible for ensuring that the Service and educators comply with their legal obligations and conditions for continued approval.

A record of the days and hours each individual child attends the Service will be recorded accurately.

The Approved Provider will issue attendance statements for families, outlining the child's days of attendance, hours in care, total fee amount and the child care subsidy fee received.

The Approved Provider will ensure the Department of Education and Training has current details of the Service.

The Approved Provider will ensure that all employees refer to the Fraud and Corruption Prevention Policy to ensure there is a clear understanding of the legal requirement regarding Fraud and Corruption.

The Approved Provider will ensure management and staff attend training to ensure a clear understanding of what constitutes fraud and the repercussions if fraudulent activity has occurred.

2. Controlling and Investigating Fraudulent Activity &/or Corruption

Gather supporting documents and/or evidence

The Approved Provider will conduct an internal audit to assist in identifying where the fraudulent activity has taken place.

Conduct a risk assessment to establish the Service's risk profile and the nature of the operating environment so that cost-effective practices can be established to contain or minimise each risk.

A risk that has been assessed as low will be managed by the Approved Provider. A risk that has been assessed as moderate will require the Approved Provider to develop and implement a risk action plan with specific monitoring procedures. A high or extreme risk will be reported to the Department.

The Approved Provider will assess if the fraud allegation appears to be without foundation or to be incidental.

The Approved Provider will refer to the Service's Code of Conduct and Code of Ethics if an employee is involved. The Approved Provider will treat any allegation as serious

3. Reporting Fraudulent Activity &/or Corruption

The Approved Provider will report fraudulent activity by emailing: **tipoffline@education.gov.au** or telephone **1800 664 231**.

fraud@education.gov.au or call the Fraud Hot Line on 02 6121 5450 (where you can leave a detailed voicemail message and contact details).

The Approved Provider will provide the following information

Who is involved? Include as much detail as possible, including name of the person or organisation, addresses and phone numbers

What fraud you think has occurred. Provide details of your concerns, including how, when and where the fraudulent activity occurred

How did you come across this information? Your contact details

The department will make appropriate enquiries into the allegations, adhering to the Privacy Act.

Note that approved Child Care Subsidy Services may be subject to penalties if they do not comply with conditions for continued Subsidy approval. Educators may also be held responsible for non-compliance.

4. Report fraud or corruption

If you have knowledge or reason to believe a departmental employee, contractor or service provider has been involved in fraudulent or corrupt conduct, you should report it as a complaint or protected disclosure.

5. Protected Disclosure Act 2012

The Act supports the Government's commitment to the principles of open, honest and accountable governance and is designed to protect the public interest by:

- exposing serious public sector wrongdoing
- ensuring public organisations are responsible and accountable
- protecting people who make a protected disclosure from detrimental action and ensuring their privacy.

You receive the protection of the Protected Disclosure Act once your allegation has been fully assessed as being a protected disclosure.

You may wish to make a complaint using the protected disclosure process if your complaint is about improper conduct and you are concerned that detrimental action may be taken against you for making the complaint.

If you would like to make a protected disclosure complaint or if you seek to make an enquiry please contact the protected disclosure officer on (03) 7022 0119. You may also make a complaint to your supervisor or to the supervisor of the person you wish to complain about.

6. Child Care Subsidy (CCS) and Additional Childcare Subsidy (ACCS)

(a) The Approved Provider Obligations under Family Assistance Law both Commonwealth and State and territory laws:

- Comply with Family Assistance Law
- comply with the National Law and National Regulations and all related state or territory laws involving the operation of a child care service, unless that service is exempt
- ensure the child care provider and relevant personnel (that is, persons with management or control of the provider and persons responsible for the day-to-day operations of the service) are fit and proper persons to have a role in the receiving and passing on of Child Care Subsidy payments (see [Who needs to be a fit and proper person?](#))
- ensure that background checks, including criminal history and working with children checks, are carried out for relevant staff and educators (see [What matters should be considered?](#)).

(b) Determining Fit and Proper person in administration of CCS and ACCS

- evidence of activity that does not comply with criminal or civil law, including (but not limited to) activity related to children or indicating dishonesty or violence
- court proceedings and convictions or findings of guilt, including (but not limited to) activity related to children or indicating dishonesty or violence
- any past administrative decisions relating to a person's suitability to be involved in child care
- evidence of fraud or dishonesty
- the person's history of managing public funds; and any past or current debts to the Commonwealth
- the person's record of financial management, including any instances of bankruptcy, insolvency or external administration
- any potential conflicts of interest between managing or delivering the child care service and other business or financial interests of the person
- any other matter relevant to the suitability of the provider and their staff.

(c) Who need to be a fit and proper person:

- the provider itself
- any person with management or control of the provider
- any person responsible for the day-to-day operation of a child care service.

In practice, this encompasses (but is not limited to) a child care provider's directors, managers and staff (and board members where applicable), staff with management or control and people responsible for the day-to-day operation of the service.

(d) What background checks are required

- each person who has management or control of the provider
- each person who has responsibility for the day-to-day operation of the service

The provider must be able to provide a written record of these checks, including the evidence provided in support of the applications, at any time if requested.

In addition, providers are required to keep the department notified of certain circumstances, including for these persons—such as if the provider is aware of any event or circumstance that may indicate the person is not a fit and proper person (see [What notice needs to be given?](#)).

A police check must be no more than six months old, and other checks no more than three months old, at the time of the application or the engagement of additional specified persons by the provider. However, new checks are not required every three or six months.

Working with children cards (where required) must always be kept current. Expired cards are unacceptable.

Checks required	A person with management or control of the provider	A person with responsibility for day- to-day operation of the service
A National Police Certificate from the state or territory police service (or an agency accredited by the Australian Criminal Intelligence Commission) no more than six months before the date of the application.	✓	✓
A working with children card (if required to hold one).	✓	✓
A National Personal Insolvency Index check performed using the Bankruptcy Register Search service provided by the Australian Financial Security Authority.	✓	
Evidence that the person does not appear on the banned and disqualified register held by the Australian Securities and Investments Commission.	✓	
A current and historical personal name extract search of the records of the Australian Securities and Investments Commission.	✓	

7. The Approved Provider will

- Act immediately on any allegation of fraud or corrupt practice.
- Be involved in and endorse the final decision in relation to the dismissal of staff, reporting to police and any resulting legal action.
- Advise all parties where applicable of any action in a timely manner. Staff and Parents / Guardians (as shareholders) will:
- Inform the Director of any fraudulent or corrupt activity or theft witnessed or suspected, including by a member/members of the Management Committee, staff, parents, contractors and any other external party.

8. Staff and Parents / Guardians

- Inform the Director or approved provider of any fraudulent or corrupt activity or theft witnessed or suspected, including by a member/members of the Management Committee, staff, parents, contractors and any other external party

9. Reporting

- Any officer, employee or contractor who suspects fraud or corrupt activity has the ability to report the matter confidentially through one of the following options:
 - (a) notifying his or her Director or CO2; or
 - (b) directly notifying the approved provider
- It is the responsibility of all officers, employees and contractors to report all suspected, attempted or actual fraud or corruption incidents. All information received is treated confidentially by the approved provider and their relevant supporting.
- Investigations will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know.

Approved and adopted

This policy was approved by the Approved Provider on 01 November 2019.

This policy was reviewed and approved by the Approved Provider on 1st gust 2022.

Authorisation

This policy was adopted by the Approved Provider of Precious Gems Childcare on 01st December 2022

Review date: 01/01/2024

Fraud and Corruption Policy

Precious Gems Childcare Pty Ltd trading as "Kids Haven Childcare"

Child Care Subsidy (CCS) is intended to support families to meet the genuine cost of care provided for children. Most services and families adhere to their legal obligations; however, some individuals choose to engage in non-compliant, fraudulent or criminal behavior.

1. Purpose

The purpose of this policy is to protect the assets and reputation of Precious Gems Childcare Pty Ltd ACN 19 618 262 785 by:

- (a) reinforcing the commitment of the board of Precious Gems Childcare Pty Ltd and the senior management to, and their responsibility for, identifying fraudulent and corrupt activities and for establishing policies, controls and procedures for prevention and detection of these activities;
- (b) reinforcing the requirement for all employees and others to refrain from corrupt and fraudulent conduct and encourage the reporting of any instance of fraud or corrupt conduct;
- (c) providing a framework for conduct of investigations to ensure that all suspected fraudulent and corrupt activity is dealt with appropriately; and
- (d) assigning responsibility for the development of controls to prevent and detect fraud.

2. Scope

- 2.1 This policy applies to all officers, employees (including Directors, executives and managers) and contractors of the Precious Gems Childcare Pty Ltd.
- 2.2 Any irregularity or suspected irregularity involving a shareholder, vendor, consultants or any other third party agencies doing business with the Precious Gems Childcare Pty Ltd or its officers, employees or contractors, is included in the scope of this policy.
- 2.3 The policy does not have regard to the officer's, employee's or contractor's length of service, title or relationship to Precious Gems Childcare Pty Ltd.

3. Legislative landscape

Many jurisdictions in which Precious Gems Childcare Pty Ltd does or may do business have introduced specific legislation to counter fraud and corruption, and in Australia this is the **Criminal Code Act 1995** (Cth). Definition of fraud and corruption

- 4.1 **Corruption** is defined (for the purposes of this policy) as a dishonest activity in which a Director, officer, executive, manager, employee or contractor of an entity acts in a manner that is contrary to the interests of Precious Gems Childcare Pty Ltd and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.
- 4.2 Examples of **corrupt conduct** include, but are not limited to:

- (a) payment of secret commissions (bribes, facilitation payments or gratuities) in money, or some other value, to other businesses, individuals or public officials;
- (b) receipt of bribes or gratuities from other businesses, individuals or public officials;
- (c) release of confidential information, for other than a proper business purpose, sometimes in exchange for either a financial or non-financial advantage;
- (d) a staff member manipulating a tendering process to achieve a desired outcome; and
- (e) a conflict of interest involving a staff member acting in his or her own self-interest rather than in the interests of Precious Gems Childcare Pty Ltd.

4.3 **Fraud** is defined as an intentional act by one or more individuals among management, those charged with governance, officers, employees, contractors or other third parties, involving the use of deception to obtain an unjust or illegal advantage.

4.4 A fraud can typically result in actual or potential financial loss to any person or entity however this is not always the case.

Examples of fraud could include, but are not limited to:

- (a) misappropriation of funds, securities, stock, supplies or other assets including use of assets for private purposes;
- (b) causing a loss to Precious Gems Childcare Pty Ltd or creating a liability for Precious Gems Childcare Pty Ltd by deception;
- (c) impropriety in the handling or reporting of money or financial records;
- (d) profiting from insider knowledge of Precious Gems Childcare Pty Ltd activities or intended activities;
- (e) accepting or seeking anything of value from contractors, vendors or persons providing services or goods to Precious Gems Childcare Pty Ltd;
- (f) false invoicing for goods or services never rendered or backdating agreements;
- (g) submission of exaggerated or wholly fictitious accident, harassment or injury claims; and
- (h) misuse of sick or family leave.

5. Policy

5.1 The Precious Gems Childcare Pty Ltd requires all officers, employees and contractors at all times to act honestly and with integrity and to safeguard Precious Gems Childcare Pty Ltd resources for which they are responsible. Precious Gems Childcare Pty Ltd is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits.

5.2 Any fraud or corruption committed against Precious Gems Childcare Pty Ltd is a major concern and as a consequence all cases will be thoroughly investigated and appropriate disciplinary action will be taken against any staff member who is found guilty of corrupt or fraudulent conduct. This may include referral to the appropriate law enforcement or regulatory agencies for independent investigation.

6. FRAUD AND CORRUPTION MITIGATION PRACTICES

Precious Gems Childcare Pty Ltd recognises that appropriate policies and procedures must be implemented in certain operational areas to regulate and enable the monitoring of particular activities. These areas within Centre include:

6.1 Risk Management

Risk Assessment pursuant to the Risk Management Plan.

Risk is the effect (positive or negative) of uncertainty on objectives. Risk management is:

- the identification, analysis, assessment, and prioritisation of risks to the achievement of objectives
- the coordinated allocation of resources to minimise, monitor, communicate and control risk likelihood and/or impact, or to maximise the realisation of opportunities, and
- the coordination of activities to direct and control risks to the achievement of objectives.

6.2 Finance

- Bank Account login access
- CCS login access
- Cash Handling
- Petty Cash Handling
- Business Credit Card

6.3 Fraud Detections

- Fraud detection mechanisms/controls to aid in the early detection of suspicious or fraudulent behaviours. Such mechanisms may include monitoring staff and transactions and internal audit activities.
- Stock take of equipment and resources provided for staff.
- The approved provider – Rima Kanj will have a key role in managing to identify and control risks, including fraud and corruption risks, through regular audits incorporating risk assessments.

6.4 Collection & Preservation of Evidence

The appropriate collection and preservation of evidence is very important, especially in cases where the matter will be handed over to police.

6.5 Procedure

If the approved provider or accountant determines that there is cause to pursue criminal prosecution, the collection of evidence and additional witness statements will be done either by Victoria Police or, at their request, by approved provider. Even if it is determined that no criminal act is believed to have taken place, then the collection of evidence should continue following these steps:

- If physical evidence – collect with documentary record of time and place.
- If witnesses – interview for their account of events, and request a written statement. If they do not wish to, take notes of discussion.
- Forward results to investigation team, who will determine if suspect should be interviewed.

6.6 Responsible Person

The ultimate responsibility always rests with the approved provider. The staff assisting with the responsibilities for day-to-day operation are selected in accordance with the policy and

procedures. The approved provider will only choose people who are trustworthy and reliable to appoint as responsible persons because the consequences of failing to meet obligations under the Family Assistance Law.

Legislation and standards

Relevant legislation and standards include but are not limited to:

- Child Safe Standards
- *Education and Care Services National Law Act 2010*
- *Education and Care Services National Regulations 2011*
- *National Quality Standard*, Quality Area 4: Staffing Arrangements
- *National Quality Standard*, Quality Area 7: Leadership and Service Management
- *Working with Children Act 2005* (Vic)
- *Working with Children Regulations 2006* (Vic)

7. Code of conduct

The Precious Gems Childcare code of conduct assists in preventing fraud and corruption within Precious Gems Childcare specifically requires officers, employees and contractors to comply with the code.

8. Fraud and corruption control

8.1 The Approved Provider and executive Director intend to '**set the tone at the top**' in respect of fraud and corruption control and shall:

- ensure that there is an effective fraud and corruption risk management framework in place;
- understand the fraud and corruption risks to which Precious Gems Childcare is exposed;
- Ensure a clear understanding of the ramifications for fraudulent activity;
- Reinforce the commitment shared with the Department of Education and Training to adhere to the Child Care Subsidy requirements.
- Provide regular training to assist in the identification of fraud and corruption;
- Adhere to the correct procedure to ensure that all suspected fraudulent and corrupt activity is handled appropriately;
- maintain oversight of the fraud risk assessment and the controls in place to mitigate the risks identified; and
- monitor reports on fraud risks, policies and control activities that include obtaining assurance that the controls are effective.

8.2 The Approved provider and each executive Director shall:

- foster an environment within their businesses that makes active fraud and corruption control a responsibility of all officers, employees and contractors;
- articulate clear standards and procedures to encourage the deterrence of fraud and corruption; and
- detect and report offences should they occur.

All officers, employees and contractors are responsible for complying with Precious Gems Childcare policies and procedures, codes of personal conduct and ethics, avoidance of conflict of interest and maintaining vigilance in early detection, reporting and prevention of fraud and corruption.

8.3 Managers and supervisors are responsible for:

- (a) communicating and raising awareness of the risks relating to fraud and corruption with their employees and for ensuring compliance with Precious Gems Childcare policies and procedures, adequate rotation of employees and levels of staffing are in place; and
- (b) establishing and maintaining adequate internal controls that provide for the security and accountability of Company resources and prevent/reduce the opportunity for fraud and corruption to occur.

Legislation and standards

National Quality Standard, Quality Area 4: Staffing Arrangements

National Quality Standard, Quality Area 7: Leadership and Service Management

(Regulation 117B)

8.4 The external and/or internal auditors (as appropriate) will be instructed, as part of their audit activity to:

- (a) assess the adequacy and effectiveness of Precious Gems Childcare Pty Ltd fraud and corruption risk management processes, in line with Precious Gems Childcare Pty Ltd's risk management policies;
- (b) support the Approved Provider and Executive Directors with any investigation of any suspected fraud or corrupt activity;
- (c) monitor theft or misuse of inventory from distribution centres by auditing cycle counts and monitoring and investigating inventory variances;
- (d) deliver asset audits with a focus on protecting and substantiating Precious Gems Childcare Pty Ltd assets, with the main focus of this aspect of their audits being on cash and point of sale procedures, inventory and shrinkage management, physical security and other asset and customer level processes;
- (e) ensure that fraud and corruption risk is being appropriately managed and controlled by business units when auditing business units including compliance with this policy; and
- (f) analyse loss trends arising from fraud and advise/assist relevant units, process owners and officers, employees and contractors in the implementation and maintenance of best practice techniques and controls to prevent and detect fraud and corruption.

Additionally, any specific fraud risks (with high or moderate risk rating) identified and / or flagged will form part of an annual external and/or internal audit program (as appropriate).

8.5 The human resources team is responsible for:

- (a) ensuring that adequate procedures are in place that address:
 - (i) appropriate security screening and selection of officers and employees;
 - (ii) disciplinary / dismissal procedures;
 - (iii) employment contracts that include relevant conditions of employment relating to fraudulent and corrupt conduct;
 - (iv) monitoring of annual leave entitlements to ensure that officers, employees and contractors do not accumulate excessive annual leave entitlements e.g. two weeks over and above their yearly entitlement; and
 - (v) clarification and formalisation of responsibilities / segregation of duties (where possible,

these should be included in relevant position descriptions);

- (b) providing regular training in respect of this policy that will:
 - (i) assist with the identification of fraud and corruption risk;
 - (ii) provide effective fraud and corruption mitigation techniques; and
 - (iii) enforce Precious Gems Childcare Pty Ltd zero tolerance policy on fraud and corruption; and
- (b) ensuring that relevant officers and employees of Precious Gems Childcare Pty Ltd certify annually that they have complied with this policy and all applicable anti-fraud and corruption laws.

Legislation and standards

National Quality Standard, Quality Area 4: Staffing Arrangements

National Quality Standard, Quality Area 7: Leadership and Service Management

Education and Care Services National Law Act 2010

(Regulation 117B)

- 8.6 Precious Gems Childcare Pty Ltd finance team must implement robust processes and controls in relation to expenditure, investments and transfers of money. Provisions, losses and write offs in relation to fraud must be made in accordance with the Precious Gems Childcare Pty Ltd accounting policies and procedures. Undisclosed or unrecorded funds, payments or receipts are prohibited.
- 8.8 The Precious Gems Childcare Pty Ltd Company Secretary will provide advice and requisite management assistance regarding any prospective investigation or litigation linked to a fraud or corruption event.
- 8.9 Each officer and employee of Precious Gems Childcare Pty Ltd who has the authority to approve the appointment or engagement of a material contractual counterparty of Precious Gems Childcare Pty Ltd ("**Counterparty**") (Australian National Audit Office, 1999). must ensure that:
 - (a) a Counterparty is suitable to be associated with Precious Gems Childcare Pty Ltd by conducting appropriate due diligence in relation to the appointment or engagement of that Counterparty;
 - (b) a Counterparty's ongoing relationship with Precious Gems Childcare Pty Ltd is free from any element of fraud or corruption;
 - (c) a Counterparty understands that it may be subject to appropriate diligence measures as a condition to its appointment or engagement by Precious Gems Childcare Pty Ltd;
 - (d) any material agreement with a Counterparty must all include provisions requiring compliance with anti-fraud and corruption laws and should provide Precious Gems Childcare Pty Ltd with rights to satisfy itself of the Counterparty's compliance with those provisions;
 - (e) anti-fraud and corruption provisions also allow Precious Gems Childcare Pty Ltd to terminate arrangements with a Counterparty where a breach or anticipated breach of an anti-fraud or corruption law arises or where there is non-compliance with the requirements of the relevant provision.

9. Investigation protocols

- 9.1 If an investigation identifies that fraud or corruption has occurred, the approved provider will escalate the matter in accordance with **section 9** below.

- 9.2 Decisions to prosecute or refer the examination results to the appropriate law enforcement or regulatory agency will be made in conjunction with Precious Gems Childcare Pty Ltd Secretary and senior management, and in the case of a significant matter, with the Approved Provider.
- 9.3 In the event of an investigation, members of the investigating team will have free and unrestricted access to all of Precious Gems Childcare Pty Ltd Company's records and premises. They will have the authority to examine, copy and remove any information within the scope of the investigation.

Authorisation

This policy was adopted by the Approved Provider of Precious Gems Childcare Pty Ltd on 1st December 2022.

Review date: 01/01/2024



AUD. THEFT OR CORRUPTION REPORT FORM

Prepared by:	Date:
Position:	Signature:

Description of alleged incident and related parties

Were parties outside the Centre involved? (complete only if known)

How was the alleged incident discovered?

Rules, regulations, and procedures allegedly violated (complete only if known)

Other comments