

Community Broadcasting Foundation

Fraud Control Plan

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Advisory Committee	Finance Audit Risk Management (FARM) Committee
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Policy

The purpose of the Community Broadcasting Foundation's (CBF's) Fraud Control Plan is to identify risks and develop appropriate prevention and detection strategies and procedures in relation to fraud. The Fraud Control Plan addresses both the internal and external risk of fraud.

Practices

Definitions

The simple definition of fraud is *dishonestly obtaining a benefit by deception or other means*.

Detailed description of Fraud

Fraud includes:

- theft;
- obtaining property, a financial advantage or any other benefit by deception;
- causing a loss or avoiding or creating a liability by deception;
- providing false or misleading information or failing to provide information where there is an obligation to do so;
- making, using or possessing forged or falsified documents;
- bribery, corruption or abuse of office;
- unlawful use of computers, vehicles, telephones and other property or services;
- relevant bankruptcy offences; and
- any offences of a like nature to those listed above.

Responsibilities

Responsibility for Fraud Control

Fraud control is a common responsibility that flows from the terms of the CBF's Workplace Conduct Policy, the Volunteer Code of Conduct and the Staff Conflict of Interest Policy. All CBF staff, volunteers and officers of the organisation have a responsibility to minimise the risk of fraud being committed against the CBF.

Strategies and Procedures to prevent and detect Fraud

Internal controls

Delegation of Authority Matrix

The Financial Authorisations Policy and Delegations of Authority Matrix establishes and documents clear financial delegations and authorisation limits for staff and Directors to mitigate the risk of fraud. All payments must be authorised by two signatories. Payments authorised by staff are capped to a set dollar limit. Higher level payments must be authorised by two Director signatories or the Chief Executive Officer and one Director signatory. All payments are checked by a person other than the person who prepared the payment.

Separation of duties in assessment and approval of grants

A separation of duties in the CBF's grant process mitigates the risk of fraud. Pre-processing of grant applications is undertaken by the CBF Grants Support Team; assessment of applications is undertaken by the CBF's Grant Advisory Committees and approval of all grant recommendations is the responsibility of the CBF Board.

External controls

Financial Acquittal Policy

Fraud mitigation steps are taken at the grant recipient level through the CBF's Financial Acquittal Policy. The Financial Acquittal Policy is expressed as a term of all CBF Grant Agreements (**Grant Agreement**). It requires that a grant report be provided for each grant made that includes a Grant Outcomes Report and a Financial Report.

Within the Financial Report for each grant, an officer of the grantee organisation (who is authorised to sign legally binding documents on its behalf) must sign a declaration that the grant was used for approved purposes and that it was spent according to the terms outlined in the Grant Agreement.

The CBF also requires an independent verification by an approved Auditor confirming that the grant funds have been expended or are being expended in accordance with the terms of the Grant Agreement, where a grantee receives over a specified amount in CBF funding in a single financial year. The requirement to provide such independent verification continues in each subsequent financial year until all grant funds have been expended. This specified amount is reviewed regularly and updated as required through a Board approval process.

Publication of Third Party Informant Procedure

Fraud mitigation steps include the publication of the Third-Party Informant Procedure (detailed below) which describes how the CBF manages the receipt of evidence from third parties in relation to suspected fraudulent activity.

Reporting Requirements and Procedures

Internal – CBF

Any suspicions or indications of fraud against the CBF by a staff member or officer of the CBF must be immediately notified to the Chief Executive Officer, or in the event that the Chief Executive Officer is implicated, to the President. The Chief Executive Officer or the President must investigate the matter and where reasonable cause exists, inform the relevant authorities and take such action as required and permitted to remove that person from any opportunity to commit further fraudulent acts against the CBF until the veracity of the matter is determined. The Chief Executive Officer, or President, as appropriate will then notify the CBF Board.

External - Fraud reporting to CBF - Grantee requirements

Grant Agreement requirements (long & short form)

It is a term of all CBF Grant Agreements that grantees are under an obligation to immediately notify the CBF in writing if they become aware of any fraud in relation to the funding or other resources provided under the Grant Agreement detailing the nature of the fraud and any actions that they have taken or will take in response to it. Any CBF staff member or officer receiving such a report from a grantee must immediately bring the matter to the attention of the Chief Executive Officer. The Chief

Executive Officer will then notify the CBF Board. Where reasonable evidence of fraud exists, the matter will be referred to the relevant authorities for further investigation and the CBF Board will determine on a case-by-case basis whether further CBF funds will be released to, or application for CBF funds will be considered from, an organisation where allegedly fraudulent activity is being investigated.

External – Fraud control measures and procedure – third party informant

Where any staff member or officer of the CBF receives information alleging fraudulent activity relating to the funding or other resources provided under a Grant Agreement, the matter must immediately be brought to the attention of the Chief Executive Officer. Given the propensity for claims that are malicious, vexatious or frivolous, the Chief Executive Officer will ask the informant to provide their allegations in writing together with any supporting evidence. Anonymous allegations will only be acted upon where reasonable evidence of fraud is provided.

When requested, the provision of confidentiality to informants will be considered. Confidentiality cannot be accorded in any manner that restricts the ability of the CBF's Chief Executive Officer to report to the CBF Board; the CBF to fulfil its obligations to the Australian Government, regulatory bodies such as the *Australian Securities and Investment Commission (ASIC)* and the *Australian Charities and Not-For-Profits Commission (ACNC)*; or prevents the CBF from meeting its obligations under law.

Where no evidence of fraud is provided by the informant the process for CBF response will differ depending on the status of the grant.

- (i) Where a grant is active and yet to be reported on, the Grants Support Team member with responsibility for the grant will make note in the grant record and take particular care in processing the Grant Report, seeking additional evidence such as an asset register or receipts of expenditure if deemed necessary.
- (ii) Where a grant report has been provided, the grantee may be instructed to provide additional evidence such as an asset register or receipts of expenditure. The grantee may also be required to provide separate audited accounts for the grant. As this may incur additional costs, the CBF will either cover the cost of any additional audit required or wait until the organisation's next annual audit.

Where reasonable evidence of fraud has been presented by the informant, the Chief Executive Officer will inform the CBF Board and ensure that the matter is referred to the relevant authorities for further investigation.

Fraud reporting to Australian Government - CBF requirements

Funding Deed requirements

In accordance with the provisions of the funding deed between the CBF and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (**the Department**) (**the Funding Deed**), the CBF will maintain an effective Fraud Control Plan. The Fraud Control Plan is intended to identify fraud risks and develop appropriate prevention and detection strategies and procedures for the CBF in its role as an independent grants administrator allocating funds and or assets in a manner consistent with the terms of the Funding Deed. The CBF will provide a copy of the Fraud Control Plan to the Department on request and as part of Final Reports tendered to the Department under each Funding Deed.

Reporting of fraud

Where the CBF Board has been informed that in relation to a particular matter reasonable evidence of fraud against the CBF exists, the Chief Executive Officer or the President, will, within seven (7) days of the CBF Board being informed, inform in writing the representative of the Department who is nominated as the person authorised to receive written communications under the terms of the current Funding Deed.