

FRAUD AND CORRUPTION CONTROL PROCEDURE

SCOPE

This procedure applies to all Monash University staff, students and associates at all locations and to members of Monash University Council and its committees.

For the purpose of this procedure, references to 'the University' include activity at Monash University Australia, Monash University Malaysia, Monash University Indonesia, Monash Suzhou, the Monash University Prato Centre, and World Mosquito Program Ltd (and its subsidiaries) unless indicated otherwise.

This procedure will operate in jurisdictions outside Australia to the extent permitted by both the law and related government policy of those jurisdictions. In relation to Monash University campuses or other operations outside Australia, a reference below to 'law' is a reference to the law governing that campus or those operations.

This procedure must be read in conjunction with the agreed processes for managing alleged staff misconduct that is considered under the [Integrity and Respect Policy](#), [Probation, Performance and Promotion Policy](#), and [Responsible Conduct of Research Policy](#), and any equivalent policy for University controlled entities.

This procedure applies to all students to the extent that they can assist in prevention and response to fraud and corruption, however any matter relating to alleged general, research or academic misconduct will be dealt with as set out in the [Student General Conduct Policy](#), [Assessment and Academic Integrity Policy](#) and [Responsible Conduct of Research Policy](#), and related instruments or any equivalent policies for University controlled entities.

PROCEDURE STATEMENT

The University faces the potential for fraud and other types of corruption across its operations, including those relating to finances, administration, research and other academic activity. This procedure outlines the University's approach to preventing, controlling and responding to fraud and other types of corruption and how members of the University community can report any suspected fraudulent or corrupt conduct.

1. Prevention

Risk management

- 1.1. The University adopts a risk management approach to determine appropriate and proportionate prevention strategies against fraud and corruption.
- 1.2. This approach is underpinned by the Enterprise Risk Management Framework as outlined in the [Enterprise Risk Management Policy](#), [Enterprise Risk Management Procedure](#), [Risk and Compliance Management Manual](#), and [Risk Appetite Statement](#). This Framework establishes targeted controls and oversight including preferred approaches to [due diligence](#) and [risk assessments](#).
- 1.3. The Risk and Compliance Unit identifies risks related to fraud and corruption in collaboration with stakeholders across the University. The Unit provides advice on risk assessments covering risks relating to fraudulent or otherwise corrupt conduct.
- 1.4. Relevant risks are mapped against internal controls to prevent or detect the occurrence of fraud or corruption. These internal controls are developed and implemented by faculties, portfolios, and controlled entities, with support and oversight by the Risk and Compliance Unit.
- 1.5. The University's large, global and decentralised operations create opportunities for fraud and corruption. The University is committed to maintaining a robust ethical culture in line with the University's Ethics Statement Policy. The [Ethics Statement Policy](#) details the ethical values and principles that are expected to be demonstrated by all staff and students as members of the University community and guides individuals in their decision-making. This culture is fostered through a variety of controls (including training) as set out below.

Controls

- 1.6. All areas of the University must implement appropriate and robust controls to prevent fraud and corruption, as set out in section 2 of the [Fraud and Corruption Control Policy](#). These controls include but are not limited to:
- 1.6.1. Human Resource controls:
- screening of staff or prospective staff including verification of identity and qualifications, reference checks, National Police Record Checks, and Finance Checks, and their equivalents, as per the [Recruitment of Fixed-term and Continuing Staff Procedure](#) and the [Employment Checks Procedure](#), other relevant recruitment and selection procedures or applicable local instruments for locations outside Australia;
 - a documented process to consider and declare conflicts of interest as per the [Conflict of Interest Procedure](#);
 - protection of personal information;
 - mandatory compliance training for all staff as set out in the [Mandatory Compliance Training Procedure](#);
 - induction and ongoing support for key staff in areas of higher risk exposure to fraud and corruption;
 - ensuring the rotation of positions of staff performing high risk or critical roles, backfilling of such roles during periods of annual leave is one way of addressing position rotation over time; and/or
 - reporting the acceptance or refusal of a gift, as per the [Gifts, Benefits & Hospitality Procedure](#).
- 1.6.2. Financial controls:
- clear governance arrangements that support appropriate delegation of authority and decision-making and limiting authorisation of transactions to specific staff as outlined in the [Authorised Financial Limits and Contract Signing Delegations Policy](#);
 - separation of duties (for example, ensuring one staff member is not responsible for all aspects of a financial transaction);
 - controls to mitigate potential credit card fraud including monitoring and reporting, as outlined in the [Corporate Credit Card and Reimbursements Policy](#) or equivalent local process.
- 1.6.3. Information and intellectual property-related controls:
- staff training in, and monitoring and maintenance of, appropriate access to electronic systems and hard copy records for example, staff access to systems hosting student, staff and research data.
- 1.6.4. Physical asset controls:
- regular audits of physical assets against accounting records;
 - the maintenance of registers of IT and communications equipment; and
 - [appropriate disposal](#) of assets.
- 1.6.5. Supplier controls:
- confirming details of all new suppliers to ensure they are a proper and legal entity;
 - performing checks to ensure no conflict of interest exists between vendors and staff of the University; and
 - verification of any changes to supplier details (i.e. banking details).
- 1.6.6. Research controls as outlined in the [Responsible Conduct of Research Policy](#).
- 1.6.7. Controls relating to student activity as per the [Admission and Credit Policy](#) include:
- an admissions process which provides for cancellation of an application for enrolment if false information is submitted;
 - appropriate training of selection officers and a transparent selection process; and
 - rigorous processes for the assessment and granting of credit.

2. Detection and reporting

- 2.1. The University undertakes, and regularly reviews, a monitoring program to detect incidents of fraud or corruption. Examples include, but are not limited to, financial monitoring including management accounting report reviews and transaction reviews, planned audits of systems or processes that may have a higher risk of potential fraud and corruption, data analysis programs to aid in the detection of financial and other anomalies giving rise to fraud and corruption risk and identification of early warning signs.

Reporting suspected fraud or corruption

- 2.2. All members of the University community play an important role in identifying and reporting suspicious actions or wrongdoing.

The University expects any member of its community who suspects fraudulent or corrupt activity to report it as soon as practicable.

- 2.3. It is important to treat information regarding suspected incidents of fraud or corruption in confidence and to not discuss the matter, other than for the purpose of making a report. Maintaining privacy protects the discloser against reprisals and also avoids rumours and innuendo and helps protect the reputations of other innocent people that may be affected by the disclosure.
- 2.4. Subject to clause 2.8, staff may make a report of suspected fraud or corruption to:
 - their manager or supervisor;
 - Head of Unit or Portfolio Head; or
 - Director, Internal Audit.
- 2.5. Any manager, supervisor, Head of Unit or Portfolio Head who receives a report of suspected fraud or corruption must report the matter to the Director, Internal Audit as soon as practicable.
- 2.6. Any member of the University community or the general public may report suspected fraud or corruption to the Director, Internal Audit. Such reports can be made by emailing fraud.corruption@monash.edu.
- 2.7. If the Director, Internal Audit is implicated in alleged fraud or corruption, the matter should be reported to the Chief of Staff and Executive Director, Office of the Vice-Chancellor.
- 2.8. Alternatively, reports of suspected fraud or corruption may be made in accordance with the [Whistleblower Policy](#) and [Procedure](#), for those seeking protections afforded under Commonwealth or Victorian law, or in accordance with any equivalent legislation in jurisdictions outside Australia. The making of a report of suspected fraud or corruption to the University under the Commonwealth law must be made to an 'eligible recipient', as defined in the [Whistleblower Policy](#).
- 2.9. A report of suspected fraud or corruption should provide as much of the following information as is known:
 - date and time of the report;
 - date and time that the incident occurred/was detected;
 - names of parties involved;
 - names of any witnesses;
 - how the incident came to the attention of the reporting person;
 - the nature of the incident;
 - the value of the loss, if any, to the University; and
 - any action that has been taken subsequent to the occurrence/detection of the incident.
- 2.10. When an instance of suspected fraud or corruption is identified, management and staff must ensure that they do not do anything that may prejudice any subsequent investigation and avoid alerting any person who may be suspected of fraud or corruption. This is important to minimise the chance of evidence being removed or destroyed. If in doubt, do not pursue any further inquiries and report the matter in line with this procedure.
- 2.11. The University does not mandate that reports must be made internally, and individuals are not prevented from making a report directly to an applicable government body or external agency. There can also be circumstances where the University is legally required to refer a report to a government body or external agency.

3. Investigation and response

Assessment of reports

- 3.1. The assessment of a report made under this procedure will be undertaken by the Director, Internal Audit to determine how a report should be investigated and/or responded to.
- 3.2. In conducting the assessment to determine appropriate action, the Director, Internal Audit will give consideration to the following:
 - whether the report appears to be made in good faith;
 - any immediate steps that should be taken to prevent or reduce further losses/exposures and/or to gather or preserve documents or information that may become evidence;
 - the nature of the alleged fraud or corruption;
 - whether legal advice is required, including to determine if the report must be addressed under the University's [Whistleblower Policy](#);
 - the magnitude or value of the alleged fraud or corruption;
 - the potential reputational impact of the alleged fraud or corruption on the University;
 - the likelihood of recovering financial or property losses;
 - the likely benefit of taking action, including deterrent value;
 - whether the reported activity is potentially systemic and planned rather than isolated or opportunistic;

- the possibility the reported fraud or corruption has been carried out by an external party with internal assistance; and
- any potential ongoing risks from the alleged fraud or corruption, including any cyber or physical security implications.

3.3. Following the assessment of a report of fraud and corruption, if the Director, Internal Audit determines the matter to be of substance an investigation will be initiated.

3.3.1. If the Director, Internal Audit determines the matter is an 'eligible disclosure' in accordance with the Commonwealth law, it will be managed in accordance with the [Whistleblower Policy](#).

Investigation

3.4. Once an investigation is initiated, the Director, Internal Audit will establish terms of reference and identify and engage specialist independent expertise or support if required. Matters to be considered as part of the investigation planning process and reflected in the Terms of Reference should include:

- the scope of the investigation;
- stakeholders who will be party to the investigation and their roles and responsibilities;
- anticipated cost, timeframe and key milestones for the investigation; and
- the expected deliverable(s) to be produced upon completion of the investigation.

3.5. Investigations will be conducted in accordance with the following principles and operating procedures:

- proceedings must be carried out fairly and without bias;
- evidence will be adequately recorded at the time it is captured, held securely and appropriately accounted for when it is transferred from one party to another;
- any actual, perceived or potential conflict of interest held by any individual involved in the investigation must be declared to the Director, Internal Audit who will determine how such conflict should be managed;
- investigation proceedings will be treated with confidentiality and steps will be taken to protect the identity of the reporting party subject to applicable legal requirements. However, disclosure of the subject matter of a report is permitted to those directly involved in an investigation where it is necessary for the purpose of investigation;
- all parties to a matter will be given reasonable opportunity to be heard and all submissions will be considered; and
- an investigation may be suspended at any time at the discretion of the University.

3.6. Subject to a report made under the *Fraud and Corruption Control Policy* not being vexatious or frivolous, the University will protect the reporting individual from detrimental action, including victimisation or reprisal. The University will provide appropriate welfare support to all parties involved in an investigation including through the University's Employee Assistance Program.

Investigation outcome

3.7. Following any investigation of fraud or corruption as outlined clauses 3.4 and 3.5 the Director, Internal Audit will provide a written report to the head of unit/portfolio head, the head of a related or associated function or area and, where deemed appropriate, to the relevant Monash HR nominee. This report will include a recommendation as to any measures required to establish and maintain the integrity of the internal control environment.

3.8. Where an investigation reaches a finding that fraud or corruption has occurred, any or all of the following outcomes may result:

- the University may take action to recover money or property lost as a result of the dishonest activity;
- the matter may be referred to Monash HR and potentially lead to disciplinary action, including termination of employment in accordance with the applicable Enterprise Agreement or contract of employment, or a termination of a contract of engagement, as applicable;
- matters that could constitute a criminal offence may be referred to the police or another law enforcement agency;
- that the University makes an external report where required by law and as detailed below; and/or
- any other action considered necessary or appropriate in the circumstances.

3.9. The outcome of any investigation will be reported to the University's Audit and Risk Committee.

External reporting

3.10. The Director, Internal Audit, in consultation with the General Counsel, will advise the Chief Operating Officer whether the matter must be reported to a relevant authority, for example where required under the *Financial Management Act 1994* or the *Independent Broad-based Anti-corruption Commission Act 2011*.

3.11. Where external reporting to relevant authorities is deemed to be required, this report will be prepared by the Director, Internal Audit, in consultation with the General Counsel, and facilitated via the Office of the President and Vice-Chancellor.

- 3.12. Under the [Standing Directions 2018 Under the Financial Management Act 1994](#), significant or systemic fraud, corruption and other losses must be notified to the relevant authority as summarised below:

Incident	Notification requirements	Reported through	Further detail
Fraud of corruption loss greater than \$5,000 in money or \$50,000 in other property	Audit and Risk Committee Victorian Auditor-General Responsible Minister and Department	Office of Vice-Chancellor on advice from Director, Internal Audit.	Financial Management Act 1994 Standing Directions under the Financial Management Act 1994 (Direction 3.5.3) Instructions supporting Standing Directions of the Minister for Finance under the Financial Management Act 1994 (Instruction 3.5)

Records maintenance and notification

- 3.13. The Director, Internal Audit will maintain a secure record of all reports of suspected fraud or corruption, this record will include:
- when and how the report was made and by whom;
 - a summary of the reported incident;
 - the parties to the reported incident;
 - any consequences of the reported incident;
 - any actions taken following the report; and
 - the outcome and any corrective action taken.

Review of control environment

- 3.14. As part of any investigation undertaken, line management in conjunction with Internal Audit is responsible for reviewing the control environment including systems and processes in the relevant area, and identifying any control improvements necessary to either prevent a recurrence or reduce the risk of occurrence.

DEFINITIONS

Associate	For the purposes of this policy, 'associates' are defined as contractors, conjoint appointments, affiliates and adjunct appointees.
Commonwealth law	The Commonwealth legislation that provides for whistleblower disclosures to report certain types of conduct in relation to the University or a related body corporate is mainly contained in Part 9.4AAA of the <i>Corporations Act 2001</i> (Cth). Part IVD of the <i>Taxation Administration Act 1953</i> (Cth) contains similar, but not identical, provisions regarding whistleblower disclosures in relation to the tax affairs of the University or an associate of the University, which can also be made to the Australian Taxation Office.
Corruption	Dishonest activity that is (a) contrary to the interests of the University and/or (b) where an individual in a position of trust acts in order to achieve improper personal advantage, or improper advantage for another person or organisation, either directly or indirectly. It may also involve corrupt conduct by the University, or a person purporting to act on behalf of the University and/or in the interests of the University in order to secure some form of improper advantage either directly or indirectly. Fraud is a particular type of corruption.
Detrimental action	Includes: <ul style="list-style-type: none"> • action causing injury, loss or damage; • intimidation or harassment; • discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business, including the taking of disciplinary action.

Fraud	Dishonest activity causing actual or potential gain or loss to any person or organisation encompassing theft of property, including intellectual property and information. Fraud also includes deliberate falsification, concealment, destruction or use of documentation used or intended for use for a normal business purpose, or the improper use of information or position for personal financial benefit.
University community	Staff members, associates, members of the University Council and its committees, and students of the University.
Victorian law	The Victorian legislation that provides for whistleblower disclosures (called public interest disclosures) to report certain conduct about or involving the University is mainly contained in the <i>Public Interest Disclosures Act 2012</i> (Vic).

GOVERNANCE

Parent policy	Fraud and Corruption Control Policy
Supporting procedures	Nil
Supporting schedules	Nil
Associated procedures	Conflict of Interest Procedure Gifts, Benefits & Hospitality Procedure Mandatory Compliance Training Procedure Whistleblower Procedure
Related legislation	<p><i>Monash University Australia</i></p> <p>Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) Audit Act 1994 (Vic) Corporations Act 2001 (Cth) Criminal Code Act 1995 No. 12 (Cth) in reference to the Criminal Code Amendment (Bribery of Foreign Public Officials) Act 1999 Financial Management Act 1994 (Vic) Independent Broad-based Anti-corruption Commission Act 2011 (Vic) Monash University Act 2009 Ombudsman Act 1973 (Vic) Public Interest Disclosure Act 2012 (Vic)</p> <p><i>Monash University Indonesia</i></p> <p>Law No. 31 of 1999 on the Eradication of Criminal Act of Corruption, as amended by Law No. 20 of 2001 Law No. 11 of 1980 on the Criminal Act of Bribery Law No. 30 of 2002 on the Commission for the Eradication of Corruption Law No. 8 of 2010 on the Prevention and Eradication of the Criminal Act of Money Laundering Law No. 7 of 2006 on the Ratification of the United Nations Convention Against Corruption Law No. 13 of 2006 on Witness and Victim Protection, as amended by Law No. 31 of 2014 Indonesian Penal Code (Article 378) (Eng) Supreme Court Regulation No. 13 of 2016 on Procedures to Handle Criminal Acts Committed by Corporations</p> <p><i>Monash University Malaysia</i></p> <p>Malaysian Anti-Corruption Commission Act 2009 Malaysian Whistleblower Protection Act 2010</p>
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