

Fraud Prevention Policy and Procedure

Associated Information

Approving body	Governing Board (GB)
Date approved	27 Feb 2025
Date of effect	Commencement of operation
Next scheduled review	Two years from when policy commences
Policy owner	Chief Executive Officer (CEO)
Policy contact	Chief Executive Officer (CEO)
Related Documents	Human Resource Management Policy and Procedure Student Code of Conduct Staff Academic Integrity Policy and Procedure Student Academic Integrity Policy and Procedure Financial Management Policy and Procedure ICT and Cybersecurity Management Policy and Procedure
Related Legislative and Regulatory Instruments	HESF Standards 6.2.1d

Purpose

1. This Policy sets out the approach of **Zenith Innovation Institute (Zenith / ZII / the Institute)** for preventing fraud and corrupt conduct. This Policy provides processes that the Institute will adopt to manage and mitigate a wide range of possible areas of fraud and corruption.

Scope

2. This Policy applies to all stakeholders of Zenith including:
 - (a) all staff of the Institute whether full-time, part-time, casual or contract
 - (b) all members of the Institute's governing bodies
 - (c) individuals engaged in providing services to or receiving services from the Institute, such as students, contractors or consultants and
 - (d) conduct that is included within the scope of the definitions in this Policy (see examples in Schedule 1).
3. This Policy does not include breaches of academic integrity, which are managed under the provisions of the *Staff Academic Integrity Policy and Procedure* and the *Student Academic Integrity Policy and Procedure*, respectively.

Policy

Statement

4. Zenith aims to develop and maintain a culture of honesty and integrity within the organisation, and to put in place processes that ensure effective prevention, detection and management of fraud and corrupt conduct. The Institute adopts a zero-tolerance approach to fraud and corrupt conduct in all Zenith's activities. This approach is consistent with the *Human Resource Management Policy and Procedure*, *Student Code of Conduct* and the Australian law.
5. Fraud and corruption present risks to Zenith and if not detected or prevented can have impact in terms of financial loss, reputational damage, diversion of management energy, reduction in organisational morale, operational disruption, loss of employment, reduced performance, and diminished safety.
6. The prevention of fraud and corruption is an organisational responsibility and encompasses all aspects of governance and operations. Figure 1¹ depicts the governing, cultural and monitoring aspects needed for successful fraud and corruption prevention.

¹ Adapted from the AHPRA & National Boards, 2021, Fraud and Corruption Control Framework pg.3.

Figure 1 | Fraud and Corruption Prevention Framework



Principles

7. Zenith will put in place mitigation controls proportionate to the risks faced and ensure that governing body members, all officers, employees, faculty staff, contractors and students are aware of and understand relevant policies and procedures for the prevention, detection, reporting and recording of fraud and corruption.
8. Mitigation self-assurance controls include policies and procedures, risk assessment, internal controls, investigation, reporting, education and independent auditing and testing to reduce the incidence of fraud and corruption, and regular evaluation of these for effectiveness.
9. Zenith seeks to:
 - (a) establish strategies, initiatives and systems to prevent fraud and corruption
 - (b) provide assurances to all stakeholders and the wider community that any suspected corrupt conduct will be fully investigated, and sanctions imposed and
 - (c) treat all reports of fraud and corrupt conduct with confidentiality and care.

Culture and awareness

10. Fraud and corruption are serious matters and in this regard Zenith:
 - (a) maintains a zero-tolerance attitude towards fraud and corruption and requires that any case of suspected fraud is reported promptly and dealt with appropriately
 - (b) creates and maintains an ethical culture in the workplace which supports vigilance, diligence, and reporting of fraud-related concerns
 - (c) provides mechanisms for detecting and reporting allegations of internal fraud and corruption and
 - (d) adopts a risk management approach to determine appropriate fraud and corruption identification and control strategies.
11. Fraud and corruption prevention and control requires the commitment, co-operation and involvement of all members of the Zenith community.
12. Staff members, particularly those in management roles, should be aware that some activities present a higher potential risk for fraud or corruption and require particular focus, including:

- (a) procurement of goods and services
- (b) handling cash and inventories
- (c) recruitment
- (d) IT systems access, data management and contracting for IT services and supplies
- (e) financial transactions
- (f) payroll
- (g) student admissions and records and
- (h) international engagement, including education services for international students.

Expectations

- 13. All governing body members, all officers, employees, faculty staff, contractors and students must:
 - (a) understand and comply with this Policy
 - (b) comply with all relevant legislation, regulations, codes and agreements and
 - (c) comply with Zenith policies, terms and conditions of employment.
- 14. In the performance of their duties, governing body members, all officers, employees, staff, contractors and students must:
 - (a) act honestly and exercise skill, care and diligence in the performance of their duties
 - (b) not intentionally cause unacceptable risk to the Institute's reputation or financial viability
 - (c) observe the highest standards of integrity in accordance with the *Staff Code of Conduct* and the *Student Code of Conduct* and

Zenith will provide, and employees are expected to attend periodic fraud and corruption awareness training.

Procedures

Potential areas of potential fraud and corruption

- 15. This procedure seeks to provide a process that can be applied generally, although further action may be required to address individual cases.
- 16. Fraud and corrupt conduct can potentially occur in any area of Zenith's operations. Some examples of conduct which could represent fraud, corrupt conduct or serious and substantial waste of Zenith's funds are included in Schedule 1.
- 17. Zenith has in place a five-step process to support this policy.
- 18. Zenith will implement countermeasures as detailed by the Commonwealth Fraud Prevention Centre, including countermeasures to prevent, detect and respond to fraudulent behaviour as outlined below.²

Figure 2 | Zenith's five step approach to fraud and corruption control



² Commonwealth Fraud Prevention Centre, <https://www.counterfraud.gov.au/fraud-countermeasures>, accessed online 11 March, 2024.

Prevention strategies

19. The Institute ensures a sound and sustainable ethical culture through a process of awareness training and the development of robust policies, procedures and monitoring and auditing processes.
20. Senior staff and members of governing bodies are expected to model ethical conduct at all times and to demonstrate a high level of commitment to controlling the risk of fraud and corrupt conduct and self-assure that risks of fraud and corruption are mitigated within Zenith.
21. All Institute stakeholders will have a general awareness of fraud and corrupt conduct and understand how any such activity should be managed if it is detected or suspected.
22. Background and reference checks are conducted for new staff members in accordance with the *Human Resource Management Policy and Procedure*.
23. The *Delegations Policy and Schedule* guides a range of financial and operational matters and represents authority within the organisation to undertake certain activities. All Zenith stakeholders, staff members in particular, should be aware of *Delegations Policy and Schedule*.
24. In implementing this policy and the *Delegations Policy and Schedule*, Zenith will ensure separation of duties (authorising, recording and custody with no one person able to do two of these) strategies as a preventative countermeasure.
25. The Institute will not allow the same person to:
 - (a) create and maintain vendor records as well as process invoices
 - (b) use a credit card as well as acquit and reconcile credit card payments
 - (c) approve grants as well as process grant payments
 - (d) order assets from suppliers as well as confirm the delivery of the assets in the accounting system and
 - (e) record payroll information in the system as well as verify the calculation and reconcile records.

Detection strategies



26. The Institute implements the following detection strategies:
 - (a) regular internal and external audits as outlined in the Zenith's *Governance Framework*
 - (b) identification and assessment of early warning signs to detect fraud by training key personnel to recognise 'red flags' and respond appropriately
 - (c) review default authorisation settings in software and
 - (d) ongoing monitoring of financial activity which includes but is not limited to:
 - (i) data analysis activities of invoice numbers and bank account numbers to detect patterns and relationships that might highlight fraud, irregular behaviour or inconsistencies as evidence of duplicate payments
 - (ii) reviews of financial statements to detect fraud through a comparison of the Institute's budget reports, expenditure against appropriate benchmarks or trends in bad or doubtful debts and

- (iii) post-transaction reviews to detect fraud by focussing on authorisations, adherence to guidelines on expenditure receipting and missing documentation, to detect altered or missing documents or falsified or altered authorisations.

Reporting of suspected instances



- 27. All Zenith governing body members, all officers, employees, staff, contractors and students who become aware of suspected fraud or corruption must report it in a timely manner and must keep secure any relevant documents as possible evidence and must ensure they are not altered in any way.
- 28. All stakeholders are encouraged to report any suspected fraud, corruption or mismanagement as soon as possible as follows:
 - (a) staff should make reports to their immediate supervisor. If for any reason this is not appropriate the report should be made to the relevant senior manager, who should in turn submit the report to the Chief Executive Officer (CEO) or alternative delegate where required
 - (b) students should lodge a report directly with the CEO, or Student Services Manager
 - (c) members of governing bodies should lodge a report with the Chair of the relevant governing body.
- 29. Reports can be made orally or in writing and should clearly explain the basis for the allegation. Zenith will treat all information disclosed in a confidential manner so far as circumstances permit and will provide appropriate protection for those who make disclosures in accordance with the *Corporations Act 2001*.
- 30. All staff are expected to operate in good faith in respect of any allegations made and will be required to cooperate with any investigation.
- 31. On receiving any report of fraud or corruption the CEO, alternative delegate or Chair of the relevant governing body, must:
 - (a) communicate any reports that have the potential to impact on the operations or reputation of the Institute to the Chair of the Audit and Risk Committee (ARC) and
 - (b) submit the report to the Governing Board (GB) where appropriate.

Should the reporting outlined be unsuitable, whistleblower protections can also be accessed by staff for reporting fraud and corruption. Staff seeking whistleblower rights and protections need to familiarise themselves with the relevant Australian Securities and Investments Commission (ASIC) guidance.

- 32. Zenith will take necessary steps to protect a whistleblower from detrimental action, reprisal or victimisation. Disciplinary action may be taken against vexatious or frivolous reports. Zenith may have an obligation to report an incident to an external body where there is a legal requirement to do so.

Response to allegations



- 33. All allegations of fraud, corruption or mismanagement must be appropriately recorded, investigated and resolved.

34. Depending on the nature of the report received, the GB may direct that a working group be convened to manage an investigation.
35. The working group will recommend an appropriate course of action, which may include:
 - (a) the appointment of an independent investigator
 - (b) disciplinary action under the relevant employment agreement
 - (c) referral to law enforcement agencies and/or other external agencies as appropriate and
 - (d) a strategy or process to recover money, assets or property.
36. The Institute is committed to ensuring persons who are the subject of a report of fraud or corrupt conduct are:
 - (a) provided with appropriate guidance and support
 - (b) treated fairly, impartially and within the principles of natural justice
 - (c) informed of their rights and obligations
 - (d) kept informed during any investigation
 - (e) given the opportunity to respond to any allegations made against them and
 - (f) informed of the result of any investigation.

Recording and reporting



37. Zenith will fulfil any duty to report to or cooperate with external agencies.
38. The GB will authorise:
 - (a) any external communications in relation to any allegation, investigation or outcome and
 - (b) any referral to regulatory organisations, funding bodies or law enforcement agencies.
39. All information regarding suspected mismanagement, fraud or corruption will be collected, classified and handled appropriately and have regard to requirements for reporting to law enforcement agencies, privacy, confidentiality, legal professional privilege and the requirements of procedural fairness and natural justice.

The GB, ARC and Finance Committee (FC) must be informed of all reports of fraud and corruption.

Responsibilities

The GB with advice from the ARC and FC is responsible for the:

- (a) oversight and monitoring of the assessment and management of risk and taking action when needed and
- (b) approval of policies relating to corruption, fraud and mismanagement, and to consider advice on improving management procedures, risk assessment and audits.
40. The GB:
 - (a) receives reports of alleged fraud and misconduct
 - (b) arranges for a working party and investigation where appropriate
 - (c) acts on the outcome of any investigation and
 - (d) authorises referral to law enforcement agencies where required and any external communications.

(e) Based on reports from the CEO, oversee continuous improvement at Zenith concerning fraud and corruption mitigation at Zenith

41. The CEO is responsible for:

- a) ensuring that all allegations of fraud and corrupt conduct are appropriately investigated and resolved and reported as part of the reporting requirements to the ARC, FC and GB
- b) oversight of the implementation, monitoring and review of this Policy and effective internal control structures and
- c) review the internal risk control environment for financial systems and processes after any detected occurrence of fraud or corruption and advise the GB on the need for additional prevention and detection strategies.

42. Staff, contractors and any Zenith stakeholder are responsible for:

- (a) undertaking fraud and corruption training.
- (b) ensuring that they are aware of and support the implementation of fraud and corruption control strategies in their work areas, including obligations to report fraud.
- (c) not engaging in, nor actively or passively support, fraud or corruption.
- (d) being alert to the potential for and report any suspected fraud or corruption and co-operate with any investigations.
- (e) observing appropriate confidentiality and communications protocols.
- (f) upholding and monitoring fraud and corruption control strategies, initiatives and systems within their area of responsibility.

43. Supervisors and managers are responsible for:

- (a) establishing appropriate mechanisms for prevention and detection of any fraudulent or corrupt activities, including implementing relevant continuous improvements,
- (b) identifying risk exposures to corrupt and fraudulent activities and ensuring that regular assessment of the risks are undertaken
- (c) reinforcing the requirement for ethical conduct by staff and other officers and encouraging the prompt reporting of any instances of fraud, corrupt conduct or mismanagement
- (d) ensuring that all staff are aware of Zenith's Policy on Fraud Prevention and their obligations for ethical conduct in their duties
- (e) displaying a positive attitude towards compliance with laws, rules and regulations and
- (f) ensuring that they are aware of indicators of fraudulent and corrupt conduct and responding appropriately to such indicators.

Definitions

44. For the purposes of this Policy and Procedure, the following terms are defined as follows:

Term	Definition
Benefit	A non-tangible item of value (e.g. a new job or promotion, preferential treatment or access to confidential information) that one person or organisation confers on another.
Bribery	Includes behaviour such as offering, giving, receiving or soliciting any item of value with the intention of gaining a benefit when that benefit is not legitimately due or with the intention to influence, gain or retain business or business advantage.
Conflict of interest	A circumstance where there is a perceived, potential or actual opportunity for an employee or student to prefer their own interests, or those of any other person or organisation, to Zenith's interests. These are often, but not

Term	Definition
	<p>exclusively, Zenith's interests versus private interests. Conflicts of interest can involve financial or non-financial interests of the staff member and the interests of a business partner or associate, family member, friend or person in a close personal relationship with the staff member or an organisational affiliation. For additional guidance please refer to the <i>Conflict of interest Policy and Procedure</i>.</p>
Corrupt conduct	<p>Deliberate dishonesty relating to, or distortion of, Zenith's processes or procedures, including the acceptance of donations or bribes, to obtain advantage for an individual or group of individuals. This could include:</p> <ul style="list-style-type: none"> the improper use of knowledge, power or position for personal gain or the advantage of others and acting dishonestly or unfairly or breaching trust.
Corruption	<p>A dishonest activity or inactivity in which an individual engages in activities contrary to Zenith's interests to achieve some gain or advantage or to avoid loss or disadvantage, for the individual or another person or entity. Corruption can include, but is not limited to, an individual carrying out their duties dishonestly, unfairly or misusing Zenith resources or information for an improper purpose, advancing Zenith's interests via unethical means including and is not limited to bribery, abuse of trust and threats.</p>
Detrimental action	<p>Is an action taken against an individual in reprisal for making a report or disclosure. Detrimental action can include:</p> <ul style="list-style-type: none"> dismissal of an employee injury of an employee in her or his employment alteration of an employee's position or duties to his or her disadvantage discrimination between an employee and other employees of the same employer harassment or intimidation of a person harm or injury to a person, including psychological harm damage to a person's property damage to a person's reputation damage to a person's business or financial position or any other damage to a person.
Fraud	<p>Dishonest activity causing actual or potential financial loss to any individual or entity including theft of moneys or other property by employees or individuals external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a non-business purpose or the improper use of information or position for financial benefit. Please refer Schedule 1 for examples of Fraud and Corruption.</p>
Gift	<p>An item of value (e.g. gift voucher, store card, entertainment, hospitality, travel, commodity, property) which one person or organisation offers or presents to another. In the business context, gifts can have different meanings and purposes as described in examples of Fraud and Corruption in Schedule 1.</p>

Term	Definition
Mismanagement	Mismanagement may allow fraud to prosper and may arise from a staff member's incompetence, inexperience and/or lack of training through to more serious intentional practices.
Significant or systemic fraud	An incident of fraud, or a pattern or recurrence of such incidences, that a reasonable person would consider has a significant impact on Zenith's reputation, financial position or financial management.
Victimisation or reprisal action	When a person is treated, or threatened to be treated, in a detrimental manner as a result of seeking assistance, making or threatening to make a complaint or raising a concern, or considering whether to raise a concern or complaint, about a matter under this policy.
Whistleblower	'A whistleblower is someone with inside knowledge of an organisation who reports misconduct or dishonest or illegal activity that may have occurred within that organisation'

Version History

Version	Changes	Approval Body	Approval Date
1.0	New Policy	Governing Board (GB)	
1.1	Point 24 added "Zenith will ensure separation of duties (authorising, recording and custody with no one person able to do two of these) strategies as a preventative countermeasure."	Governing Board (GB)	21 Mar 2024
1.2	Under Next scheduled review updated from three years to two years Under 10 c) deleted "and external" Under Related Documents added "Financial Management Policy and Procedure"	GB	27 Feb 2025

Schedule 1- Examples of fraud and corruption

Activity	Example
Misappropriation of resources	<ul style="list-style-type: none"> Assisting in the illegal transfer of assets. Causing a loss or creating a liability by deception. Theft of cash, inventory, or equipment. Unauthorised use or sale of assets for personal benefit. Using resources (including equipment or information) dishonestly, without approval or authority, or for personal advantage.
Misuse of position - whether for personal or for supposed organisational advantage	<ul style="list-style-type: none"> Facilitating the dishonest activity of another for a 'consideration' of the benefit gained. Improperly using an official position to gain an advantage for oneself or another person. Paying or accepting commissions from or to third parties. Receiving from a person or offering a bribe or facilitation payment to a person, including those in public office, to influence a decision that would mean that person would violate their official duty.
Travel and Entertainment	<ul style="list-style-type: none"> Deceptive or misleading information in Travel Diaries. Inappropriate or unauthorised expenditure. Inflated or deceptive expense claims. Unapproved travel at Zenith's expense.
Data assets and IT access	<ul style="list-style-type: none"> Accepting payment for enrolling non-eligible students or altering academic transcripts. Provision of usernames and passwords to unauthorised people for a fee or other benefit. Unauthorised access, use, release or destruction of data for personal advantage. Use of administrative privileges to gain unauthorised access to accounts, work areas or systems.
Legal obligations	<ul style="list-style-type: none"> Providing false or misleading information. Withholding information contrary to a legal requirement to provide information.
Staffing	<ul style="list-style-type: none"> Appointments motivated by a personal relationship and without merit. Falsifying documents. Unlawful alteration of staff records. Use or disclosure of information for a dishonest or unauthorised purpose.

Activity	Example
Salaries, wages, allowances	<ul style="list-style-type: none"> Payments to 'ghost' employees. Authorising payments to employees for tasks not performed or for skills they do not have.
Contract management	<ul style="list-style-type: none"> Accepting bribes, facilitation payments and/or 'incentive gifts' from suppliers. Inflating charges or costs for goods or services or substituting an inferior product to that contracted for. Negligent or deliberate mismanagement of contracts for personal advantage.
Tender processes	<ul style="list-style-type: none"> Manipulating a competitive procurement process for improper benefit or advantage for any individual or organisation, including Zenith. Unauthorised or improper release of pricing or other competitive procurement information. Failing to declare a conflict of interest when overseeing competitive procurement processes. Accepting inappropriate gifts or benefits without full transparency.
Financial transactions	<ul style="list-style-type: none"> Forging or falsifying documents or signatures. Dishonestly using procurement forms and processes. Causing, assisting, or enabling unauthorised or illegal transfers of funds or access to other benefits or advantages. Inappropriate use of Zenith credit cards including use for personal purchases. Creating and causing payments to fictitious vendors or suppliers.