

# Policy – Fraud and Corruption



## 1. Purpose

DMTC does not tolerate fraud or corruption. This policy outlines DMTC’s commitment to and guidelines for protecting against, detecting, and responding to fraud and corruption in all forms.

DMTC acknowledges that risk management in relation to fraud and corruption is a complex and evolving task and is committed to revisiting and reviewing this policy and related procedures and controls on an annual basis.

This policy is to be read in conjunction with the policies and resources outlined as part of the relevant clauses below, in particular the DMTC Code of Conduct (“**Code of Conduct**”), the Risk Management Policy, the Whistleblower Policy, the Donations Policy, and the Financial Delegations Policy.

The policy and its contents reflect concepts commonly understood at the law of the relevant territorial (Victoria, relevant State and Territory, and the Commonwealth) and legal (Criminal, Corporate, and specific statutory) jurisdictions, as well as the common law of Australia.

## 2. Key Concepts

### **Fraud**

Fraud, as referred to in this policy reflects the concept as commonly understood at law, that is, a dishonest act or omission intentionally undertaken to obtain a financial benefit.

Examples of fraudulent conduct include but are not limited to:

- misappropriating assets;
- concealing assets, liabilities or expenses;
- misusing inventory;
- making false insurance claims;
- falsifying financial records;
- making improper forecasts or estimates;
- overstating revenue in reporting documentation; and
- lying about qualifications or professional accreditations.

For the purposes of this policy, actions taken to instigate, aid, abet, attempt, conspire or cooperate in a fraudulent act, also constitute fraud.

### **Corruption**

Corruption means and involves an individual obtaining a benefit through the misuse of a power, position, authority, or resource.

Examples of corrupt conduct include but are not limited to:

- causing, giving or accepting gratuities or kickbacks in exchange for preferential treatment;

# Policy – Fraud and Corruption



- rigging bids and tender processes;
- committing political, economic or social extortion;
- acting improperly upon a conflict of interest.

For the purposes of this policy, actions taken to instigate, aid, abet, attempt, conspire or cooperate in a corrupt act, also constitute corruption.

## 3. Policy Scope

The policy applies to all DMTC directors, employees, vendors, contractors, implementing partners, consultants, and other persons who conduct work with, for or on behalf of DMTC.

As outlined below, certain persons, including DMTC's Board of Directors ("**Board**"), the Audit Risk and Remuneration Committee ("**ARRC**"), and the Chief Financial Officer bear special responsibilities in relation to preventing, detecting and responding to fraud and corruption. The Chief Executive Officer holds overall responsibility for preventing, detecting and responding to fraud and corruption matters.

## 4. Policy Statement

### 4.1. Policy Overview

DMTC does not tolerate fraud or corruption. DMTC is committed to preventing, detecting, and responding to fraud and corruption in all forms.

This work is inseparable from DMTC's core values, which encompass trust and integrity, and is the responsibility of each member of the organisation.

Additionally, DMTC recognises that fraud and corruption have the potential to cause severe reputational damage to DMTC and DMTC's stakeholders including departments and executive and statutory agencies of the Australian Government.

### 4.2. Prevention

#### 4.2.1. The Board

The Board is responsible for independently overseeing controls established by DMTC's management, including DMTC's framework of policies and financial reporting processes, to prevent, deter and detect fraud and corruption. The Board is committed to systematically and periodically reviewing the same.

The Board recognises, in compliance with Item 3 of Schedule 1 to the DMTC Company Constitution that, collectively, the Board must possess skills and experience in financial management, risk management, and corporate governance.

#### 4.2.2. Risk Management and ARRC

DMTC's Risk Management Policy outlines DMTC's commitment to methodically address risks, including fraud and corruption risks, across all programs and activities with the

objective of continually improving DMTC's prevention of and response to said risks.

To aid in the identification of fraud and corruption risk areas and in the promulgation, administration and enforcement of fraud and corruption risk controls, DMTC has established the ARRC.

The ARRC acts under the delegated powers of the Board and is responsible for overseeing DMTC's risk management processes and assessing the general risk spectrum. The ARRC is to provide relevant advice to the Board at regular intervals.

An analysis in relation to fraud and corruption risks is to be undertaken at each meeting of the ARRC.

### 4.2.3. Education and Training

DMTC recognises the importance of ensuring all members of the organisation are aware of and understand this policy, the meaning of relevant concepts such as fraud and corruption, and the avenues available to them to report fraud and corruption. Where necessary, DMTC will provide access to related education and training opportunities.

For the avoidance of doubt, ignorance is not an excuse for fraudulent or corrupt conduct.

For any instance of suggested or alleged fraudulent or corrupt conduct to be made out, it must also however necessarily involve the element of intent; inadvertent, accidental, or unsuspecting acts or omissions do not constitute culpable behaviour.

In all circumstances the "reasonable person" should be applied in initial assessment.

### 4.2.4. Code of Conduct

Employees are reminded of the Code of Conduct and sections of that document which pertain to 'Business Ethics', 'Financial Integrity', and 'Donations'. Awareness of and adherence to the Code of Conduct are important elements of DMTC's commitment to the prevention of fraud and corruption.

Relevantly, the Code of Conduct binds DMTC employees to:

- behave with honesty and integrity at all times;
- compete fairly and ethically for all business opportunities;
- ensure DMTC meets all contractual obligations; and
- obtain appropriate approvals prior to executing contracts on behalf of DMTC.

Additionally, the Code of Conduct strictly prohibits:

- the execution of side letters;
- the use of company funds or assets for any illegal or unethical purposes;
- the maintenance or establishment of undisclosed funds or assets;
- creation of false entries on DMTC's books or records for any reason;

- the alteration or execution of documents by those lacking proper authority; and
- making or approving payments on behalf of DMTC on the understanding that such payments will or might be used for something other than their stated purpose(s).

The Code of Conduct and the Donations Policy establish that all donations on behalf of DMTC are to be made by the CEO.

#### 4.2.5. Pre-Employment Processes

DMTC acknowledges the importance of pre-employment screening processes as a means of mitigating the risk of fraud and corruption. DMTC will continue to consider, tailor and (if necessary) evolve pre-employment screening processes on a case by case basis and according to the type of work for which a candidate is being considered.

#### 4.2.6. Financial Controls and Recordkeeping

DMTC's Chief Financial Officer is responsible for establishing financial controls and adhering to best practices in relation to the accuracy of financial reporting and the maintenance of accurate financial records. The Chief Financial Officer has established several related initiatives including:

- an exceptions reporting process, which tracks changes to bank account details listed for employees and vendors; and
- a monthly payroll comparison report.

Additionally, DMTC directors and employees are required to adhere to the Financial Delegations Policy, which establishes a framework to safeguard the use of DMTC funds.

The Financial Delegation Policy ensures that DMTC directors and employees are provided with the appropriate level of financial authority relative to their specific employment duties and responsibilities. The Financial Delegations Policy establishes related controls and processes.

All DMTC employees are required to adhere to best practices in the maintenance of records. Additionally, and as outlined above, the Code of Conduct prohibits DMTC employees from:

- altering or executing documents without authorisation; and
- creating false entries on DMTC's books or records for any reason.

### 4.3. Detection

#### 4.3.1. Whistleblower Policy

DMTC recognises that a key to detecting fraud and corruption is to ensure that all members of the DMTC organisation are and feel able to report suspected or actual fraud or corruption without fear of reprisal.

DMTC has established the Whistleblower Policy for this purpose and to facilitate the

reporting of other categories of improper and illegal conduct.

#### 4.3.2. Analysis of Financial Data

At regular intervals, financial data is to be analysed and checked against source documentation by DMTC personnel including the Chair of the ARRC, ARRC members, the Board, the Chief Financial Officer and DMTC's external auditors.

#### 4.4. Response

DMTC treats seriously and is committed to investigating all reports, claims, and allegations of fraud and corruption pertaining to DMTC and DMTC's activities ("**Investigation**").

The CEO is responsible for conducting Investigations noting that elements of the investigation may be delegated as appropriate. The Board shall be updated on the commencement and progress of any such Investigation.

No person shall conduct or preside over or improperly influence an Investigation if that person is also the subject of the report, claim or allegation of fraud or corruption that is the cause for the Investigation.

In the event that the report, claim or allegation of fraud or corruption pertains to improper conduct by the CFO or CEO, it will fall to the Board to decide upon an alternative and appropriately independent procedure for carrying out the Investigation.

The policy does not preclude referral to an external person or body, e.g., a forensic accountancy or retained external counsel, to undertake, oversee or audit an investigation.

Fraud and corruption incidents will be reported to the police on assessment of the responsible officer and/or Board, of the seriousness and level of culpability and such incidents will result in disciplinary action being taken, which may include termination of employment.

#### 4.5. Annual review and risk assessment

DMTC commits to reviewing this policy and related procedures annually for the purpose of assessing whether they are effective.

Additionally, DMTC will continue to monitor and identify any areas of fraud and corruption risk for DMTC's activities and adapt this policy and related procedures according to any relevant changes to the risk environment.

These actions will be undertaken by the General Counsel on behalf of the CEO.

This policy is reviewed annually by the Board.

## 5. Related Governance Documents

- DMTC Company Constitution
- DMTC Code of Conduct
- Policy – Donations

## Policy – Fraud and Corruption

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- Policy – Risk Management
- Policy – Financial Delegations
- Policy – Director Independence Policy
- Policy – Whistleblower Policy