

BOARD POLICY AND PROCEDURES CONCERNING FRAUD

(Ref: By-Law: 39)

1. INTRODUCTION

1.1 Fraud is a criminal offence in NSW, and as such involves anyone who dishonestly obtains property or financial advantage, or causes financial disadvantage, by deceiving another person or organisation. Convictions for the crime of fraud in NSW carry a penalty of imprisonment for up to 10 years.

1.2 The Board of LRGC is committed to a high level of ethical and moral standards for its administration, employees and members. Where these standards are concerned, and regardless of whether a fraudulent act has been committed or under investigation, **all Board Members, LRGC Members, Employees or anyone else serving or supplying the Club must be made aware of this document and its contents.**

1.2 The primary, applicable legislation in New South Wales concerning the commitment of an act of fraud is the *Crimes Amendment (Fraud, Identity and Forgery Offences Act 2009)*.

1.3 Further directly relevant legislation concerning LRGC includes the *Registered Clubs Act 1976 (and Regulations)*; the *Gaming Machines Act 2001 (and Regulations)*; and the *Liquor Act 2007 (and Regulations)*.

1.4 The Directors of LRGC will generally deal with matters where Fraud is concerned in accordance with the *Clubs NSW Code of Practice and Best Practice Guidelines*, and the *Board Charter of LRGC*.

2. POLICY

2.1 The Board has procedures in place to reduce the risk of fraud occurring. These procedures are reviewed and up-dated as necessary and in accordance with the Risk Management Policy of LRGC. The Board will develop and maintain rules and procedures to manage any risk of fraud occurring including:

- (a) promoting an awareness from the Board down that fraud is a criminal offence and will not be tolerated;
- (b) ensuring that all conflict of interest situations at LRGC are identified and avoided;
- (c) undertaking background and reference checks for all prospective employees, volunteers and LRGC Board and Committee members;
- (d) providing specific training as required on fraud prevention and detection to Board and Committee members along with management, relevant employees and volunteers;
- (e) maintaining clear management responsibility for maintenance of fraud controls and fraud investigation reporting and procedures.

2.2 The Board is committed to the elimination of any fraudulent activity within LRGC. This includes outside contractors, suppliers and any other parties who have a business relationship with the Club. In this regard the Club's Procurement Policy is directly relevant and should be consulted carefully to assist with elimination of fraudulent activity.

2.3 All Directors, Members and Employees have a responsibility to report suspected fraud. All reported incidents of suspected Fraud will be investigated on a strictly private and confidential basis as soon as practicable. The Board is concerned to protect the identity and personal security of those persons reporting such matters.

2.4 The Board has the ultimate responsibility for the prevention of fraud, consistent with the LRGC Board Charter. However, all Employees and Members of LRGC share in that responsibility.

2.5 The General Manager and each other designated Manager in LRGC must make themselves familiar with the types of activity which might lead to fraud in their area of operation, and remain alert to any risks or irregularities.

2.6 Great care must be taken in the investigation of suspected fraud in order to avoid mistaken accusations or alerting suspected individuals that they are under surveillance or that a formal investigation (where necessary including police involvement), is underway.

2.7 Any act involving the acceptance or seeking of a monetary or material gift or gain (including preferential treatment), from suppliers, contractors or other persons in excess of AUD\$50.00 must be reported to the responsible manager and/or the General Manager. This does not include gratuities paid to staff and which are pooled for all relevant staff to benefit from particular functions or activities at the Club.

3. REPORTING PROCEDURES

3.1 Any person who suspects or discovers fraudulent activity involving LRGC must contact the General Manager or Treasurer immediately. If the General Manager or Treasurer are implicated in such activity this must be reported directly to the President.

3.2 The person suspected of, or discovered engaging in fraudulent activity must not initially be approached by the person reporting such events, or by any other person.

3.3 No information as to the existence and/or status of an investigation concerning fraud must be given out by any person including Club Members. The proper response to any inquiry as to such investigations is for the person responding to make it clear they are “not in a position to discuss the matter”.

3.4 The person reporting fraudulent activity must be instructed to:

(a) not contact the suspected individual in an effort to directly determine facts or demand remedies and;

(b) not discuss the case, facts, suspicions or allegations with **anyone** unless specifically asked to do so by any of the General Manager, Treasurer, legal counsel acting for LRGC, or police.

3.5 All enquiries concerning an activity under investigation involving a suspected individual, their legal counsel or any other representative or enquirer must be directed to the General Manager, Treasurer or President as appropriate (see 3.1 above).

3.6 If LRGC has engaged legal counsel to deal with a matter involving fraud the General Manager, Treasurer or President must refer any enquiries to that legal counsel.

4. INVESTIGATION RESPONSIBILITIES

4.1 The General Manager together with the Treasurer have the primary responsibility for the investigation of all suspected or actual fraudulent activity, and must report their findings in writing to the Board who will decide what action is to be taken.

4.2 Decisions by the Board to commence legal action concerning fraudulent activity, or refer such matters to law enforcement or regulatory agencies, must be made by the Board in conjunction with legal counsel. Such legal counsel must also be consulted as to the Boards final disposition on such matters.

5. CONFIDENTIALITY

5.1 LRGC treats all information received concerning fraud in the strictest confidence.

5.2 The nature of investigations and the results of such investigations will not be disclosed to anyone within and outside the Club other than those who have a legitimate need to know.

5.3 LRGC acknowledges the need to avoid damaging the reputations of persons suspected but subsequently found innocent of fraudulent conduct, and to also protect the Club from the risk of civil liability.