



Catholic  
Education  
Commission  
Tasmania

# FRAUD CONTROL POLICY

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## **1 PURPOSE**

The Fraud Control Policy provides members of Catholic Education Tasmania (CET) with information on what constitutes fraud and sets out the responsibilities that are incumbent on all staff for the management and reporting of suspected fraud or fraudulent activity.

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## **2 WHO DOES THIS POLICY APPLY TO**

This policy applies to all Workers in Catholic Schools operating in the Archdiocese of Hobart and the TCEO.

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## **3 POLICY PRINCIPLES**

- 3.1** Catholic Education Tasmania (CET) is committed to identifying, controlling, and minimising fraud risks. This is to be achieved by:
- 3.1.1** Ensuring all Workers of CET are aware of their obligation to act with honesty and integrity and to assist in identifying, reporting, and responding to fraudulent activity.
  - 3.1.2** Establishing and maintaining effective fraud prevention, control, detection and reporting measures.
  - 3.1.3** Providing a clear statement to all Workers that illegal activity, including fraud, will not be tolerated.
  - 3.1.4** Ensuring that any and all suspected fraudulent activity is fully investigated.
  - 3.1.5** Ensuring that principles of natural justice are applied in the investigation of suspected fraudulent activity.

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## **4 RESPONSIBILITIES**

- 4.1** In matters concerning the TCEO and Catholic Schools operating in the Archdiocese of Hobart, the Executive Director of CET (Executive Director CET) accepts ultimate responsibility for:
- 4.1.1** the prevention and detection of fraud; and,
  - 4.1.2** ensuring that appropriate and effective internal control systems are in place.
- 4.2** Personnel who are accountable for the management of staff (Managers) share the responsibility for the prevention and detection of fraud and for making Workers within their area of control aware of their individual responsibilities in the area of fraud management.
- 4.3** It is the responsibility of all Managers to ensure that there are mechanisms in place within their area of control to:
- 4.3.1** assess the risk of fraud.
  - 4.3.2** make Workers aware of this policy and the Catholic Education Commission Tasmania Code of Conduct (*CECT Code of Conduct*); and
  - 4.3.3** educate Workers about fraud prevention and detection.

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## **5 POTENTIAL RISK AREAS**

### **5.1 Procurement Fraud**

**5.1.1** Fraud can occur in the procurement process in a number of ways. It may involve corrupt dealings with suppliers, including by a person receiving a financial advantage, gift, or other benefit, or the falsification of suppliers or supplies. Regular audits should be provided to detect and prevent fraud.

### **5.2 Credit Card Use and Controls**

The use of organisational credit cards presents a significant fraud risk if not properly governed. Controls must be in place to ensure:

**5.2.1** Only authorised personnel are issued credit cards.

**5.2.2** Spending is for approved, work-related purposes only.

**5.2.3** All transactions are supported by appropriate documentation and receipts.

**5.2.4** Monthly reconciliations are completed independently and signed off by the cardholder's supervisor.

**5.2.5** Any suspected misuse of credit cards is treated as potential fraud and reported in accordance with this Policy.

### **5.3 Awarding of Contracts**

**5.3.1** Any person authorised to purchase goods or acquire services for or on behalf of CET should obtain the best value in relation to any contract awarded by the organisation.

**5.3.2** Where the value of a contract for goods or services exceeds limits specified in the Delegations Policy, the person authorised to award that contract must obtain multiple written quotes and get tenders.

**5.3.3** Transparency and documentation in the procurement process are essential.

**5.3.4** In awarding contracts, fraud can occur where:

**5.3.4.1** Best value principles are overshadowed by personal relationships with suppliers or where there is a conflict of interest involving Workers.

**5.3.4.2** CET fails to monitor conflicts of interest involving CET Workers, including any authorised person involved in the awarding of a contract. Transparency and documentation in the procurement process are essential.

### **5.4 Asset Disposal**

**5.4.1** An independent valuation of assets prior to disposal is required where the asset's original cost exceeds a specified threshold. This is particularly important in circumstances where the asset is proposed to be sold to a staff member, in order to ensure transparency and probity. The threshold for requiring an independent valuation shall be determined by the TCEO and documented in the relevant asset disposal procedure. Where the original cost of the asset falls below the threshold, a documented internal assessment of fair value may be used.

**5.4.2** Fraud in asset disposal can occur:

**5.4.2.1** Where an item of equipment being disposed of is sold to a Worker, or to a person a Worker has a personal association with, at a price substantially below its value.

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**5.4.2.2** Where the sale of an asset is recorded as an asset write-off and the person writing off the item retains any amount of the proceeds from the sale; or

**5.4.2.3** Where the asset is disposed of to a Worker, or a person a Worker has a personal association with, in circumstances where the item did not need to be replaced. Independent valuation of assets before disposal is required.

## **5.5 Cash Handling**

**5.5.1** Fraud in cash handling can occur on any scale from the misuse of petty cash to the electronic movement of cash to and from accounts. Secure systems and regular reconciliations should be used to minimise the risk of, and detect, fraudulent activity.

## **5.6 Use of Equipment and/or Facilities**

**5.6.1** The assets of CET are not to be used for unauthorised purposes.

**5.6.2** No CET equipment is to be taken away from any premises unless authorisation has been given by an appropriately delegated officer or Manager.

**5.6.3** Excessive private use of CET equipment, such as mobile phones and photocopiers, may constitute fraud. This authorisation should come from the appropriate delegated officer or Manager.

## **5.7 Adequate Checking and Approval Processes**

**5.7.1** Creating and maintaining contemporaneous and proper business records provides the best method of tracing assets and funds that have been misappropriated.

**5.7.2** Fraud can occur:

**5.7.2.1** where records do not exist or do not provide sufficient details about a transaction;

**5.7.2.2** where incorrect or false records are supplied by persons involved in a transaction;

**5.7.2.3** where inadequate or ineffective checking or approval processes exist; or,

**5.7.2.4** where only one person is involved in checking the veracity and accuracy of a payment before final payment is made.

## **5.8 Disclosure of Client Information**

**5.8.1** Fraud can occur when a Worker uses the personal details of clients and employers for personal advantage or other unauthorised purposes.

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# **6 RECRUITMENT OF STAFF**

**6.1** Preventing fraud in the recruitment process is underpinned by CET'S Recruitment Policy and practices, and the strategies employed by Workers involved in the recruitment of staff. These include:

**6.1.1** Criminal background checks being undertaken on potential employees, as may be appropriate.

**6.1.2** Contacting previous employers and referees; and

**6.1.3** Verifying transcripts, qualifications, licences, publications, and other certification or documentation provided to or requested by CET during the recruitment process.

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## **7 FRAUD REPORTING AND INVESTIGATION**

- 7.1** All Workers have a responsibility to report suspected fraud and fraudulent activity.
- 7.2** Where a worker suspects that fraud or fraudulent activity has occurred or is likely to occur, they must notify the TCEO Chief Financial Officer (CFO) as soon as reasonably practicable. If the Worker suspects that the fraud or fraudulent activity involves the CFO, the matter must be reported to the Executive Director CET. If the suspected fraud involves the Executive Director CET, the matter must be escalated to the Chair of the Commission, who must then follow the same reporting and investigative process outlined in this policy.
- 7.3** CET will take reasonable steps to ensure that a person is not subjected to victimisation or other adverse treatment by reason of making a report under this Policy.
- 7.4** Where the Executive Director CET considers that an allegation of fraud or fraudulent activity may:
- 7.4.1** result in an investigation by a law enforcement or regulatory body;
  - 7.4.2** adversely affects the ongoing employment or engagement of a CET Worker;
  - 7.4.3** adversely affect the reputation of CET or Catholic education; and/or
  - 7.4.4** otherwise amount to a breach of the CET *Code of Conduct*
- they will initiate the investigation processes in line with the *Code of Conduct*.
- 7.5** The *Code of Conduct* provides guidance and direction in managing personnel issues when serious allegations initially arise and at the conclusion of the investigative process.
- 7.6** Principles of natural justice and procedural fairness will be applied in dealing with any allegations of fraud or fraudulent activity. No finding of fraud can be made until the person against whom the report is made has been informed of the substance of the allegation and has been given the opportunity to respond to it.
- 7.7** In the event that fraud is confirmed or suspected at a serious level, communication must be made to the Chair of the Commission, the Trustees of the Archdiocese, and the Resources and Sustainability Standing Committee (RSSC) to ensure appropriate oversight and governance response.

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## **8 CONFIDENTIALITY**

- 8.1** Strict conditions of confidentiality will be applied during the course of any investigation into reports of suspected fraud or fraudulent activity.
- 8.2** Unless otherwise required by law, the results of an investigation into suspected fraud or fraudulent activity may only be disclosed to:
- 8.2.1** The person who is alleged to have engaged in suspected fraud or fraudulent activity.
  - 8.2.2** At the discretion of the Executive Director CET, the person who reported suspected fraud or fraudulent activity.
  - 8.2.3** People who require the information in order to properly perform the duties or functions of their role or office.

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## 9 EXTERNAL REPORTING

- 9.1 Where it is suspected that an offence has been committed, the Executive Director CET will refer the matter to Tasmania Police, Australia Federal Police or other appropriate law enforcement body.
- 9.2 The Executive Director CET will ensure that CET's insurers are informed of any allegation of fraud or fraudulent activity that may give rise to a claim under a relevant insurance policy.
- 9.3 The Executive Director CET will seek professional legal assistance to ensure that any investigation into allegations of fraud or fraudulent activity:
- 9.3.1 preserves the integrity of any associated criminal or regulatory investigation.
  - 9.3.2 protects innocent people.
  - 9.3.3 limits the potential for unnecessary litigation; and,
  - 9.3.4 meets the Archdiocesan requirements for proper investigation and preservation of natural justice principles.
  - 9.3.5 Where fraud is reported externally (e.g. to police or regulatory authorities), the matter must also be referred to the Trustees of the Archdiocese. In all other cases, referral to the Trustees is not required unless explicitly directed by the Executive Director CET.

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## 10 RECORD KEEPING

- 10.1 Reports must be kept for the length of time required by law and CET's records retention schedule.

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## 11 COMPLIANCE

- 11.1 This Policy relates to but is not limited to the following legislation and guidelines:

### ***Commonwealth legislation***

- a) [Privacy Act 1988 \(Cth\)](#)
- b) [Australian Education Act 2013 \(Cth\)](#)
- c) [Anti-money Laundering and Counter-Terrorism Financing Act 2006 \(Cth\)](#)
- d) [Criminal Act Code 1995 \(Cth\)](#)

### ***State legislation***

- a) [Criminal Code Act 1924 \(Tas\)](#)
- b) [Police Offences Act 1935 \(Tas\)](#)
- c) [Land Titles Act 1980 \(Tas\)](#)
- d) [Crime \(Confiscation of Profits\) Act 1993 \(Tas\)](#)

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## Other

- a) [CECT Code of Conduct](#)
- b) [CECT Conflict of Interest Policy](#)
- c) [CECT Records Management Policy](#)
- d) Archdiocese of Hobart Whistleblower Policy

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## 12 DEFINED TERMS

This policy provides the definition of fraud as understood by CET. It should be read in conjunction with financial protocols as applicable to a particular school and the Tasmanian Catholic Education Office (TCEO).

- 12.1** Fraud involves a person dishonestly obtaining a benefit or advantage, financial or otherwise, by deception or other means.
- 12.2** This definition includes:
- a) theft of monies, or physical or intellectual property.
  - b) obtaining property, a financial or non-financial advantage, or any other benefit by deception.
  - d) causing a loss or avoiding or creating a liability by deception.
  - e) providing false or misleading information or failing to provide information where there is an obligation to do so.
  - f) unauthorised disclosure of confidential information.
  - g) making, using or knowingly possessing forged or falsified documents.
  - h) bribery, corruption or abuse of office.
  - i) the adoption of unethical standards in terms of work practices and behaviours, including hours of work and the taking of leave.
  - j) unauthorised use of CET computers, vehicles, telephones and other property or services.
  - k) relevant bankruptcy offences.
  - l) any offences of a like nature to those listed above; and/or
  - m) knowingly or recklessly, aiding, abetting or inducing a person to do any of the above.
- 12.3** The benefit referred to can be either tangible or intangible and rebound to the advantage of the Worker or any other person.
- 12.4** Refer to CECT Terms and Definitions available on the CET Website for all other Terms and conditions.

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## 13 FURTHER INFORMATION AND ASSISTANCE

- 13.1** For further information and assistance in relation to this Policy please contact Advisor: Governance Policy and Research [policy@catholic.tas.edu.au](mailto:policy@catholic.tas.edu.au)

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## 14 REVIEW OF THIS POLICY

**14.1** This Policy will be reviewed every four years.

**14.2** Updated versions of this Policy will be available on the CET website and on request.

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