



# ORDER OF MALTA AUSTRALIA

## **Australian Association of the Order of Malta Limited Preventing, Detecting, Reporting and Managing Fraud and Corruption Policy as approved at September 2020 (Policy Number: AAOML\_P\_004)**

**Effective Date:** 25 September 2020  
**Review Date:** 30 September 2024

### **1 Purpose**

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The Australian Association of the Sovereign Order of Malta (the Australian Association) is committed to safeguarding the assets and integrity of the Australian Association and has a zero tolerance for fraud and corruption.

The aim of this policy is to provide an outline for National Executive Council members, Regional Council members, the membership, employees, contractors and consultants of our approach to the prevention, detection, reporting and management of fraud and corruption within the Australian Association.

### **2 Policy Principles**

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This policy applies to all National Executive Council members, Regional Council members, the general membership, employees, contractors, consultants and volunteers.

### **3 Definitions**

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Fraud and corruption involve dishonestly obtaining an advantage through the intentional misrepresentation, deception, abuse or concealment of information, including:

- financial theft or misappropriation of cash or securities;
- improper or unauthorised expenditure;
- unauthorised or inappropriate access to or release of information;
- forgery and alteration of documents;
- inappropriate use of insider knowledge;
- misappropriation or misallocation of Australian Association resources, such as stock inventory, information technology equipment or emblems and symbols;
- inappropriate or favourable treatment of associated parties for personal benefit;
- falsification of records and data, such as payment or payroll records, and fraudulent financial reporting;
- abusing a position of trust or power within the Australian Association for gain or advantage, directly or indirectly;
- acting contrary to the interest of the Australian Association.

### **4 Introduction**

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The Australian Association is committed to the mitigation of the risk of fraudulent and corrupt behaviour by prevention, detection and reporting.

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**5 Prevention**

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- actively fostering a culture of integrity, high standards of professional conduct and ethical business practices and the implementation of well-defined policies in this regard;
- implementing training and awareness initiatives aimed at maintaining continuous high standards of professional and ethical conduct;
- ensuring the Australian Association has an independent National Executive Council and requisite oversight committees, as well as an organisational structure that promotes independent internal audit, risk management and compliance functions;
- Officers of the Australian Association demonstrating a high level of commitment to controlling and reducing the risk of fraud and corruption and taking responsibility for preventing, detecting and responding to instances of fraud and corruption through the implementation of procedures and controls relevant to their areas;
- supporting members, employees, contractors and volunteers who report any fraudulent or corrupt behaviour.

**6 Detection**

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- implementation by Officers of the Australian Association of appropriate internal controls and procedures that address the operating environment and specific risk, including delegation of authority, segregation of duties, pre-membership and pre-employment screening and background checks, system access controls, centralised operations, automated transaction processing and workflows, and physical security controls;
- undertaking regular reviews to assess fraud and corruption risks contained in the risk register;
- strategically using information systems to detect potential or suspected fraud such as exception reporting;
- encouraging the internal reporting of fraudulent or corrupt behaviour.

**7 Reporting**

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It is the responsibility of all National Executive Council members, Regional Council members, the general membership, employees, contractors, consultants and volunteers to report any suspected fraudulent or corrupt behaviour or incident immediately on discovery, either verbally or in writing, to:

- President of the Australian Association
- Vice-President of the Australian Association
- Chancellor of the Australian Association
- Treasurer of the Australian Association
- National Hospitalier of the Australian Association

**8 Managing incidents of fraud or corruption**

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Immediate appropriate action will be taken to effectively assess and deal with suspected incidents of fraud or corruption. This will include:

- assessment of the nature and seriousness of the incident and further investigation if required;
- applying disciplinary processes which may result in suspension or termination of membership, or termination of employment of those implicated;
- preservation of evidence and reporting to the police or other juridical authorities if required;
- assigning responsibility for an immediate response to the occurrence, for example to recover funds;
- implementation action including reviewing processes to prevent occurrence;
- dealing with the media if required.

## **9 Roles and Responsibilities**

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All National Executive Council members, Regional Council members, the general membership, employees, contractors, consultants and volunteers are responsible for the prevention, detection and reporting of any suspected fraudulent or corrupt behaviour. Specific responsibilities are:

- Executive Council members and Regional Council members
  - Demonstrate a culture of integrity, high standards of professional conduct and ethical business practices.
  - Ensure the implementation of and compliance with the policy.
  - Provide leadership in the implantation and compliance with the policy.
  - Take appropriate action regarding breaches of the policy
- Finance, Audit and Risk Committee members
  - Maintain and regularly review fraud and corruption risk in the risk register.
- The general membership, employees, contractors, consultants and volunteers
  - Promptly report any suspected fraudulent or corrupt behaviour or incidents following the prescribed procedures.

## **10 Finance, Audit and Risk Committee**

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The Finance, Audit and Risk Committee (FARC) is a governance committee chaired by the Treasurer of the Australian Association. FARC monitors and assesses the Australian Association's financial and governance compliance, audit activities, risk management and internal controls.

## **11 Audits**

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The Australian Association shall be subject to independent finance, governance and risk management auditing.

The National Executive Council may appoint, employ or retain such professional advisors as they may consider appropriate to undertake independent reviews of the Australian Association's governance, risk management processes and internal controls in order to enhance its accountability.

FARC will conduct internal audits across a range of frequent financial, compliance, performance, business improvement, information systems and regional audits to identify issues and recommend improvements. Reports on internal audits will be used to facilitate compliance and improvement across the Australian Association.

Risk-based audits are to be conducted to test the Australian Association's management of fraud by sampling and selecting transactions to review and report on identified issues. All outcomes of risk management audits are to be considered by FARC.

## **12 Internal oversight reporting**

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The Treasurer will report quarterly about fraud risks to FARC, including on general compliance trends.

## **13 Risk registers**

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The National Executive Council requires all fraud risks to be assessed annually. FARC will receive quarterly risk reporting on Australian Association risks, including fraud risks.

The Australian Association risk management framework requires all risks, including fraud risks, to be captured in national, regional and operational risk registers when the potential for fraud arises.

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**14 Related Policies and Documents**

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1. Finance, Audit and Risk Committee Charter
2. Financial Delegation of Authority Policy
3. Conflict of Interest (Register of Interests) Policy

**15 Policy Review**

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This Policy will be reviewed periodically and updated when required.

The National Treasurer, Chancellor and Company Secretary is responsible for overseeing the review, and recommending changes to the National Executive Council.

This Policy is approved by the National Executive Council.