

Fraud and Corruption Policy (v3.0)

VERSION HISTORY

Rev No.	Date	Revision Description	Approval
0	24 September 2008	FRAUD & CORRUPTION POLICY Prepared by: Manager Business Risk & Internal Audit.	AET & Board
1	5 November 2012	Policy updated to align with Aurora Energy policy format and AS/NZ 8001-2008.	AET & Board
1.1	November 2014	Policy updated to align with new standalone retail model.	
1.2	December 2014	Further revisions to focus on policy statement and remove procedural and operational matters.	
2.0	18 December 2014	As submitted to BARCC Meeting and incorporating BARCC's amendments.	Board
3.0	December 2017	Policy updated to reflect evolving scope of fraud and investigation techniques and to clarify guidance on fraud reporting.	Board, December 2017

AUTHORISATIONS

Prepared by:	Manager Risk & Compliance	November 2017
Reviewed by:	General Manager Commercial Services	November 2017
Authorised by:	Board	December 2017
Next review due:	Three yearly	December 2020

CONTACT FOR ENQUIRIES (POLICY OWNER)

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1. Introduction

A key underlying business philosophy adopted by Aurora Energy is that it has clear purpose, vision and objectives, with an established set of values to guide its behaviour at all times, all of which support its culture.

Aurora Energy's defined Values, along with the Code of Conduct set very high expectations of what is appropriate behaviour within the organisation. The Values include, but are not limited to, Open and Honest, Trusted, and Accountable: any acts, of whatever scale, that constitute fraud or corruption do not fit within Aurora Energy's Values, expectations and culture.

2. Purpose

The purpose of this Policy is to give effect to Aurora Energy's commitment to prevent and control fraud and corruption risk. Aurora Energy recognises that fraud and corruption risk management is an integral part of good governance and management practice.

This Policy informs employees of their responsibilities with respect to fraud and corruption and its reporting, as well as reinforces that Aurora Energy will proactively seek to minimise the risk and effect of fraud and corruption. The Policy is to ensure that Aurora Energy's reputation, assets, revenues, expenses, facilities, commercial and corporate information, as well as the integrity of its financial statements, are protected against loss through fraud and corrupt behaviour by employees or others.

The objectives of this Policy are to ensure that Aurora Energy:

- develops and maintains an organisational culture of honesty and integrity;
- puts in place processes that ensure effective prevention, detection and management of fraud and corruption risk, aligned with the Australian Standard AS8001-2008: Fraud and Corruption Control and better practice fraud and corruption risk management; and
- encourages, supports and protects persons who report suspected fraud and corruption.

3. Scope

As the risk of fraud and corruption is inherent in all of Aurora Energy's business operations and activities, this Policy applies to all employees of Aurora Energy.

4. Definitions

4.1 Employee

A person is an employee for the purpose of this Policy if the person carries out work in any capacity for Aurora Energy including as:

- an employee or director;
- an employee of a labour hire company who has been assigned to work at Aurora Energy;
- a contractor or subcontractor, or their employees;
- an outsourced service provider, or their employees;
- a trainee or apprentice, whether employed directly by Aurora Energy or by a Group Training Organisation;
- a student or intern gaining work experience; or
- a volunteer.

4.2 Fraud

Aurora Energy defines “Fraud” as “a dishonest activity causing actual or potential loss to any person or entity including theft of moneys or other property by employees, or persons external to the entity, and where deception or misuse of power and positions of authority are used at the time immediately before or immediately following the activity”.

This definition is aligned with the Australian Standard AS 8001-2008 and the fraud offences prescribed by the Corporations Act 2001.

4.3 Corruption

Aurora Energy adopts the definition of “Corruption” in the Australian Standard AS 8001-2008 as being “dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him/herself or another person or entity.

5. Policy

Aurora Energy has a zero tolerance to fraud and corruption, is committed to minimising the risks of such behaviour and will take active steps to prevent, detect and respond to any acts of this kind.

Aurora Energy will take direct action and has the right to refer to Tasmania Police (or any other appropriate body) for investigation and prosecution any allegation or suspicious activity that falls within the scope of this Policy.

Consistent with its Code of Conduct, Aurora Energy will promote a culture of openness, honesty, integrity, accountability and transparency as a primary tool in the prevention of fraud and corruption.

Aurora Energy will undertake fraud risk assessments as part of its activities under the Risk Management Framework and develop and implement effective strategies for the prevention, detection and response to fraud and corruption.

Aurora Energy will consider the value and appropriateness of suitable insurance cover annually as part of the corporate insurance renewal process.

5.1 Prevention

Prevention strategies will be implemented to minimise the opportunity for fraudulent and corrupt conduct.

5.2 Detection

In the event that preventative systems fail, detection strategies will be activated to investigate incidents of fraud and corruption as soon as possible after they occur.

Internal controls aimed at detecting fraud and corruption will underpin, and will be integrated into, Aurora Energy’s processes and procedures, especially where cash or assets readily convertible to cash are involved.

External financial audits will also be utilised to detect material misstatements in the Aurora Energy financial statements or other losses due to fraud or corruption.

5.3 Response

Aurora Energy will promptly and thoroughly investigate allegations of fraud and corruption regardless of how these may have been reported or observed. Investigations will be independent, have regard for the principles of natural justice and preserve evidence for future action.

Aurora Energy will take all necessary action to prevent further acts of fraud and corruption from occurring and will pursue all reasonable methods to recover losses.

Investigations, prosecutions and recovery actions will extend to any person or entity that has colluded, concealed or otherwise condoned acts of fraud or corruption.

Aurora Energy will not tolerate any detrimental action, including harassment or victimisation, against reporters of alleged fraud or corruption.

5.4 Reporting Suspected Fraud or Corruption

Employees should report suspected instances of fraud or corruption as soon as observed or detected. Reports should be made to the Public Interest Disclosure Officer, Principal Officer, or if appropriate, the Ombudsman or Integrity Commission, in accordance with the process stipulated in the Public Interest Disclosure (Whistle-blowers) Policy and the Public Interest Disclosure Procedures.

6. Key Stakeholder Responsibilities

6.1 Board

Aurora Energy's Board is responsible for reviewing and approving the Fraud and Corruption Policy and any associated strategies as well as monitoring the effectiveness of the Policy.

6.2 BARCC

The Board, Audit, Risk & Compliance Committee (BARCC) is responsible for:

- reviewing the Fraud and Corruption Policy on behalf of the Board;
- ensuring that the scope of the external financial audit includes processes to provide reasonable assurances to detect material misstatements in the entity's financial statements or other losses due to fraud or corruption;
- ensuring that management and other employees provide support to both internal and external auditors to allow for thorough and rigorous review processes during audits;
- monitoring the status of fraud and corruption risk assessments and associated mitigations;
- appointing a Fraud Officer; and
- subject to expert advice, overseeing any fraud and/or corruption investigation and its outcomes.

6.3 Management

Management is responsible for:

- educating staff and contractors about fraud and corruption related risk and controls;
- designing and implementing effective strategies and internal controls to identify, prevent and detect instances of fraud and corruption;

- designing and implementing processes and procedures for responding to, reporting and investigating allegations of fraud and corruption, including the reasonable protection of the reporter in line with the relevant provisions of Public Interest Disclosures Policy and Procedures; and
- liaising with auditors in relation to the inclusion of fraud and corruption risks within audit scopes.

6.4 Employees

Employees are responsible for ensuring they operate in accordance with Aurora Energy's policies and procedures as a primary form of internal control and prevention.

Under this Policy, employees are also responsible for:

- avoiding any collusion with a perpetrator of fraud or corruption, or any activity that condones or conceals the fraudulent or corrupt action or behaviour;
- reporting suspected instances of fraud or corruption as soon as observed or detected;
- following the directions of the Fraud Officer or investigating personnel in relation to maintaining confidentiality, preserving evidence and maximising the opportunity to apprehend perpetrators;
- not wilfully providing false or misleading allegations or information related to fraud and corruption; and
- avoiding any detrimental action, including harassment and victimisation, of reporters of fraud and corruption.

6.5 Fraud Officer

The Fraud Officer's role is to:

- coordinate the investigation of allegations to ensure protection of the reporter, preservation of evidence and the application of principles of natural justice during the investigation. Where appropriate, investigation plans may be approved by external experts or authorities;
- subject to the requirements of any approved investigation plan, report progress and outcomes of fraud investigations to BARCC Chair, CEO and, where appropriate, the reporter of the allegation; and,
- liaise with external agencies and insurers, as required by legislation, an approved investigation plan or under the direction of the BARCC Chair.

Under the Delegation Policy the Board has appointed the Company Secretary/General Counsel and Manager Legal Services & Procurement as Aurora Energy Fraud Officers.

7. Non-compliance with this Policy

All non-compliances with this Policy will be recorded in accordance with the Compliance Policy.

Any non-compliances that are risk-rated as Severe or Major will be escalated to the Board or a relevant Board Committee through Aurora Energy's non-compliance reporting processes. Non-compliances that are risk-rated as Moderate or Minor will be reported to the Chief Executive Officer.

Incidents of wilful non-compliance with this Policy are considered to be serious and will be dealt with in accordance with Aurora Energy's normal performance management process, which may include dismissal.

8. Related Policies

- Compliance Policy.
- Code of Conduct.
- Discipline Policy.
- Public Interest Disclosure ('Whistleblowers') Policy.
- Risk Management Policy.

9. Precedence

In the event of a conflict between policies, the following precedence will apply in this order to the extent of any inconsistency:

- Board approved Policy.
- CEO approved Policy.
- Business approved Procedure.
- Business approved Work Practice.

10. Policy Approval and Review

This Policy is to be reviewed and approved three yearly or when there is a significant change that prompts an earlier review.

11. Whistleblowing Statement

In extreme circumstances an individual may be concerned that a serious breach of this Policy has occurred but considers that it would be personally damaging to pursue it through normal channels. In such circumstances the individual should refer to Aurora Energy's Public Interest Disclosure Policy for information about how to report such a concern and to whom.

Aurora Energy's Public Interest Disclosure Policy ('whistleblower' policy) is based on the Public Interest Disclosures Act 2002. This Policy is available on both Aurora Energy's external website and its intranet.

Delegated Officers under the Public Interest Disclosure Policy will do all that is possible and practicable to ensure the identity of the individual and the identity of the person who is the subject of the disclosure are kept confidential.

12. Publication

This Policy is approved for publication on Aurora Energy's website in accordance with the Policy Framework.

Approved by the Board on 20 December 2017.



Board Chair