FRAUD PREVENTION POLICY

[Note: This policy has been rewritten to provide clearer guidance on preventing and managing fraud and corruption risks and reduce duplication with other resources.]

Child Care Subsidy (CCS) is intended to support families to meet the genuine cost of approved early childhood education and care. Family Assistance Law (FAL) contains offences and penalties relating to the administration of CCS. This policy outlines the Service's commitment to preventing, detecting and responding to fraud and corruption in the administration of CCS and other Service activities. It is to be read in conjunction with the *Fraud and Corruption Prevention Procedure*.

NATIONAL QUALITY STANDARD (NQS)

QUALITY AREA 7: GOVERNANCE AND LEADERSHIP		
7.1	Governance	Governance supports the operation of a quality service that is child safe.
7.1.2	Management systems	Systems are in place to manage risk and enable the effective management and operation of a quality service that is child safe.
7.1.3	Roles and responsibilities	Roles and responsibilities are clearly defined, and understood, and support effective decision making and operation of the service.

EDUCATION AND CARE SERVICES NATIONAL LAW AND NATIONAL REGULATIONS	
S. 2A	Paramount consideration—safety, rights and best interests of children
S. 3A	
S. 12	Applicant must be fit and proper person
168	Education and care service must have policies and procedures
170	Policies and procedures to be followed
171	Policies and procedures to be kept available
172	Notification of change to policies or procedures
181	Confidentiality of records kept by approved provider
183	Storage of records and other documents

RELATED LEGISLATION

Child Care Subsidy Secretary's Rules 2017	A New Tax System (Family Assistance) (Administration) Act 1999
Child Care Subsidy Minister's Rules 2017	A New Tax System (Family Assistance) Act 1999
Family Assistance Law – Incorporating all related legislation as identified within the Child Care Provider Handbook	

RELATED POLICIES

Child Care Subsidy (CCS) Accounts Policy Child Care Subsidy (CCS) Data Security Policy Child Care Subsidy (CCS) Notifications Policy Child Care Subsidy (CCS) Governance Policy Enrolment Policy	Governance Policy Payment of Fees Policy Safe Use of Digital Technologies and Online Environments Policy

PURPOSE

This policy supports effective governance and management of our Service. We are committed to preventing, detecting and responding to fraud, corruption and other dishonest conduct. We will comply with our obligations under Family Assistance Law and the Education and Care Services National Law and Regulations and maintain appropriate controls to protect the integrity of CCS administration and Service operations.

SCOPE

This policy applies to families, staff, educators, management, the approved provider and nominated supervisor of the Service.

DEFINITIONS

Corruption and fraud can be distinguished as dishonest or unethical behaviour. The following definitions are based on those contained in Standards Australia; AS 8001:2021 *Fraud and corruption control*.

Corruption: Dishonest activity in which a person associated with the Service (e.g., a director, executive, manager, employee or contractor) acts contrary to the interests of the Service and abuses their position of trust to achieve some personal gain or advantage by another person or organisation.

Fraud: Dishonest activity that causes, or could cause, actual or potential gain or loss to a person or organisation. Fraud may involve theft of money or other property, or deception used at the time, immediately before or immediately following the activity.

IMPLEMENTATION

Our Service is committed to complying with the requirements that apply to the administration of CCS and maintaining the conditions required for continued CCS approval. In administering CCS and all Service operations, the safety, rights and best interests of children are our paramount consideration. We will work in collaboration with staff, educators and families to maintain accurate, transparent and compliant CCS administration and Service operations.

THE APPROVED PROVIDER/NOMINATED SUPERVISOR/MANAGEMENT WILL:

Fraud and Corruption Prevention

- ensure that obligations under the Family Assistance Law, Education and Care Services National Law and Education and Care Services National Regulations are met
- ensure educators, staff, students and volunteers have access to, knowledge of and adhere to this policy and related procedures, including the *Fraud and Corruption Prevention Procedure*
- ensure families are aware of and can access this *Fraud Prevention Policy*
- promote a culture of honesty, integrity, accountability and compliance and maintain clear standards and procedures for preventing fraud and corruption
- ensure advertising, promotional activities and enrolment practices comply with Family Assistance Law, including requirements relating to prohibited inducements
- provide regular training to staff and educators to assist in the identification of fraud and corruption
- reinforce the requirements for all employees to refrain from corrupt and fraudulent conduct
- ensure a clear understanding of the ramifications for fraudulent or corrupt activity.

Risk Management and Controls

- ensure fraud and corruption risks are identified, assessed and managed in accordance with the Service's risk management processes and the *Fraud and Corruption Prevention Procedure*
- ensure relevant persons with management or control and persons responsible for the day-to-day operation of the Service meet and continue to meet 'fit and proper' person requirements, including requirements relating to fraud, dishonesty, financial management and compliance with Family Assistance Law, and reassess suitability where concerns arise
- identify and manage conflicts of interest that may affect the administration of CCS or Service finances, including where a person has a personal, family or financial interest in a business or arrangement involving the Service

- ensure appropriate financial controls are in place to prevent, detect and respond to fraudulent or unauthorised transactions, including controls over CCS payments, fees, fee reductions, discounts and other payment arrangements
- ensure, where practicable, responsibilities for processing and checking CCS information and financial transactions are appropriately separated, for example one person may enter attendance or session information, while another person reviews the information for accuracy before submission or as part of the monthly compliance check.

CCS and Financial Integrity

- ensure the appropriate administration of CCS payments
- ensure families receiving CCS are provided with a Statement of Entitlement each fortnight, including details of the sessions of care provided and the resulting fee reduction amounts
- ensure all CCS and Additional Child Care Subsidy (ACCS) payments are passed on to families as a fee reduction
- ensure any third-party payments, discounts and other fee arrangements are accurately administered and, where applicable, reported in accordance with the Family Assistance Law and the current *Child Care Provider Handbook*
- ensure CCS gap fees are collected directly from families by electronic funds transfer (EFT) to the provider's nominated bank account or payment system, unless an approved exception applies
- ensure accurate records are maintained for ACCS claims and payments
- maintain accurate and complete records relating to enrolments, attendance, fees and payments, and where applicable, CCS
- ensure CCS information and records are securely stored, and access to CCS software and information is appropriately controlled
- ensure payments received from families are recorded promptly, reconciled against the financial records and receipts issued in accordance with the *Payment of Fees Policy.*

Detection, Reporting and Response

- conduct periodic reviews or spot checks of attendance and CCS records, payments, fee reductions and other financial transactions to identify errors, irregularities or potential fraud and corruption
- ensure suspected fraud, corruption or significant non-compliance is reported and managed in accordance with this policy, the *Fraud and Corruption Prevention Procedure* and applicable legislation

- ensure required changes to persons with management or control, relevant personnel, conflicts of interest and other prescribed matters are notified to the Department of Education within the timeframes required by Family Assistance Law (see *Child Care Subsidy (CCS) Notifications Policy)*.

STAFF/EDUCATORS WILL:

- follow Service policies and procedures, including the *Fraud and Corruption Prevention Procedure*
- at all times act honestly, ethically and with integrity in all dealings
- attend regular training relating to the prevention, identification and reporting of fraud and corruption
- not offer or promote prohibited inducements to secure enrolments and promptly report any suspected fraud, corruption, dishonest conduct or other suspicious activity to the approved provider, and where appropriate, report suspected CCS fraud or non-compliance to the Department of Education in accordance with this policy and the *Fraud and Corruption Prevention Procedure*
- where administering CCS, use their own CCS software login credentials, keep passwords and login details confidential, and not share access with other staff or unauthorised persons
- maintain accurate records and ensure payments received from families are accurately recorded, receipted and reconciled in accordance with the *Payment of Fees Policy*
- where administering CCS, ensure CCS-related records and information are accurately maintained and submitted in accordance with applicable requirements
- where practicable, avoid being responsible for both processing and approving or checking the same CCS information or financial transaction.

FAMILIES WILL:

- provide accurate and truthful information to the Service, and not provide false or misleading information when applying for or claiming CCS or ACCS
- if receiving CCS, inform Centrelink of any changes to their or their partner's personal circumstances that may affect their entitlements, regularly check their CCS information and Statements of Entitlement and promptly notify the Service of any discrepancies
- check that invoices and receipts issued by the Service for payment of fees are correct
- pay CCS gap fees in accordance with the Service's payment arrangements and Family Assistance Law, including by EFT unless an approved exception applies
- raise any concerns about the administration of CCS or other suspected fraud, corruption or dishonest conduct with the Service and where appropriate, report suspected CCS fraud or non-compliance to the Department of Education.

FRAUD PREVENTION AND DETECTION IN RELATION TO CCS

The approved provider and nominated supervisor will ensure all employees who administer CCS as a fee reduction to families are aware of fraud prevention strategies outlined in the *Fraud Prevention and Corruption Procedure*. Our Service accepts the legal responsibilities associated with claiming CCS within the Family Assistance Law.

Fraud and CCS non-compliance can take many forms. For example, it often involves inaccurate or false attendance records, absences or CCS information. It also applies to claims for sessions of care that were never actually provided, fraudulent documentation, inappropriate payment arrangements, or prohibited inducements. To actively manage these risks, the Service maintains strict controls to prevent, detect and respond to any dishonest conduct.

Suspected fraud, corruption or CCS non-compliance must be reported as soon as possible to the approved provider in accordance with the *Fraud Prevention and Corruption Procedure.* Suspected CCS fraud may also be reported directly to the Department of Education via the Child Care Subsidy (CSS) tip-off form. Staff and educators must not undertake their own investigation of suspected fraud. Reports of suspected fraud or corruption will be handled confidentially, and information will only be shared with persons who need to know or where disclosure is required or authorised by law.

Our Service will ensure all obligations under the Family Assistance Law and A New Tax System (Family Assistance) (Administration) Act 1999 are met regarding the setting of fees, including the following:

- an individual is not charged more than the usual CCS hourly session fee when the individual may be eligible for ACCS or receives a prescribed payment
- families are not charged additional fees during a particular event or circumstance where the Service is closed, and care is not provided, including where the closure is due to an emergency

INTERNAL CONTROLS TO PREVENT CCS FRAUD

Our Service will use [Xplor] to support the accurate administration of CCS payments to families.

Fraud and corruption risks will be identified, assessed and managed in accordance with the Service's risk management processes. An action plan will be developed where required to implement additional strategies and controls to minimise identified risks [see *Fraud and Corruption – Risk Assessment*]

As an internal control, the approved provider/finance officer will conduct a monthly reconciliation of CCS payments received from the Australian Government against payments recorded in the CCS software system.

CCS software will be monitored by the approved provider to ensure data integrity and security by all staff who administer CCS payments to families. The *CCS Compliance Checklist* will be completed each month by the approved provider together with staff who administer CCS. The checklist is used to identify discrepancies, incorrect data submissions, potential compliance issues and other risks that may indicate fraud, error or non-compliance. Identified issues will be assessed and managed in accordance with the Service's policies and procedures, with corrective action taken where required.

FRAUD PREVENTION AND DETECTION – OTHER SERVICE ACTIVITIES

While this policy mainly focuses on fraud prevention and detection in relation to CCS, our Service recognises that fraud and corruption may also occur in other Service activities, including financial transactions, fees, purchasing, payroll, records and the use of Service resources. Fraud and corruption risks will be identified, assessed and managed in line with the Service's risk management processes.

DISCIPLINARY SYSTEMS

Where allegations of fraud are substantiated, the approved provider or Service may be subject to enforcement action under applicable legislation, which may include recovery of overpaid funds, suspension or cancellation of CCS approval or service approval, financial penalties or criminal prosecution.

Employees and educators may also be held responsible for breaches of applicable legislation, including providing false or misleading information or engaging in deceptive or fraudulent conduct.
Consequences for committing or attempting fraud and/or corruption may include:

- dismissal
- warnings
- repayment of misappropriated funds
- referral to prosecution agencies.

CONTINUOUS IMPROVEMENT/REFLECTION

Our *Fraud Prevention Policy* will be updated and reviewed on an annual basis or earlier if there are changes to legislation, ACECQA guidance or any incident related to our policy. Feedback will be requested

from children, families, staff, educators and management. All families will be notified 14 days before any policy change that may have a significant impact on the provision of education and care to any child enrolled at the Service or the family's ability to utilise the Service, or earlier in line with the *Governance Policy*.

RELATED RESOURCES

CCS Compliance Checklist Fraud and Corruption Prevention Procedure	Fraud and Corruption - Risk Assessment

SOURCES

Australian Children's Education & Care Quality Authority. (2026). *Guide to the National Quality Framework*
Australian Government Department of Education. (2026). Child Care Provider Handbook
Australian Government Department of Education. (2024). Child Care Subsidy Financial Integrity Strategy
Australian Government Department of Education. (2026). Early childhood
Australian Government Department of Education. (2025). Early childhood education and care laws
Australian Government Department of Education. (2026). Managing third-party payments and discounts
Australian Government Department of Education. (2026). Reporting Child Care Subsidy fraud via a tip-off
Australian Government Department of Education. (2026). Taking all reasonable steps to collect gap fees
Education and Care Services National Law Act 2010
Education and Care Services National Regulations 2011
Standards Australia. AS 8001:2021 Fraud and corruption control.

REVIEW

POLICY REVIEWED BY	[NAME] Amy Flockhart	[POSITION] office admin	[DATE] 08/10/2026
POLICY REVIEWED	OCTOBER 2026	NEXT REVIEW DATE	OCTOBER 2027
VERSION	V13.10.26		
MODIFICATIONS	• major policy review • strengthened fraud prevention and risk controls, including accurate record keeping, secure CCS access, financial controls, reconciliation, compliance checks, risk management, training, fit-and-proper checks, etc. • removed duplicated content covered by other Service policies • removed detailed procedures covered in *Fraud and Corruption Prevention Procedure* • clarified that while the policy mainly focuses on CCS fraud prevention and detection, it also applies to fraud and corruption relating to non-CCS fees and other Service activities • reviewed and updated definitions, including alignment with AS 8001:2021 Fraud and corruption control • updated sources and references as required		

PREVIOUS MODIFICATIONS	
OCTOBER 2025	• annual policy review • added related National Law and National Regulations • no major edits to policy • sources updated as required