

# FRAUD AND CORRUPTION PREVENTION AND AWARENESS POLICY

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## Document Control

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## Revision History

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1.0	Final	22.02.17	Adrian Graham	Board	
2.0	Final	12.06.19	Adrian Graham	Board	Refresh of initial policy

## Related Policies and Procedures

- Fraud and Corruption Prevention and Awareness Procedure
- Conflict of Interest Policy

- Whistleblowing Policy and Procedure
- Procurement Policy
- Risk Management Policy and Procedure
- Code of Conduct

## Purpose

ChildFund Australia operates in many challenging governance and security environments where fraud and corruption are significant risk factors. This policy sets out the key procedural requirements that ChildFund Australia views as necessary to establish and maintain an appropriate system of fraud and corruption control.

## Scope

The prevention and awareness of fraud and corruption is the responsibility of all those who participate in the work of ChildFund Australia. This includes:

- Board members
- Staff (Australia and country offices and including volunteers and interns)

As a condition of organisational partnership, ChildFund Australia also expects compliance with fraud prevention and awareness by those organisations or individuals who work in partnership with ChildFund. This includes:

- Partner organisations
- Consultants (both organisations and individuals)
- Suppliers and contractors

## Exclusions

Nil

## Definitions

**Fraud** is defined as dishonestly obtaining a benefit, or causing a loss, by deception or other means. It includes, (but is not limited to):

- Forgery or alteration of documents (cheques, bank drafts, bank statements, time sheets, invoices, quotations, agreements, etc.) or bank accounts
- Misrepresentation of information on documents.
- Misappropriation or misuse of funds, supplies, or assets.
- Theft, disappearance, or destruction of assets.
- Improprieties in the handling or reporting of money or financial transactions.
- Authorising or receiving payments for goods not received or services not performed.
- Authorising or receiving payment for hours not worked.
- Inappropriate use of the organisation's records and disclosing confidential and proprietary information to outside parties, without consent.

Fraud requires intent. It requires more than carelessness, accident or error. When intent cannot be shown, an incident may be non-compliance rather than fraud.

**Corruption** is a type of fraud. Corruption is a misuse of entrusted power for private gain and includes:

- Conduct that involves, or that is engaged in for the purpose of an individual abusing his or her office or position.
- Conduct that perverts, or that is engaged in for the purpose of perverting, the course of justice.
- Conduct that, having regard to the duties and powers of the individual and their position in an organisation, involves, or is engaged in for the purpose of, corruption of any other kind.

**Bribery** is the promise or delivery of a benefit in order to influence the receiver's behaviour. Usually the behaviour expected of the person receiving the bribe is illegal and unethical in nature and would not be something they would usually do. However the return behaviour itself does not have to be illegal or unethical in order for it to fall within the definition of bribery.

**Facilitation Payments** are low-value payments designed to speed up the actions of a service provider or supplier.

**Conflict of Interest** is a situation where an individual or an organisation has multiple interests, one of which may improperly influence the performance of that individual's or that organisation's duties and responsibilities.

## Policy Statement

ChildFund Australia is committed to protecting funds and other property entrusted to it by donors from attempts to gain financial or other benefit by deceit. ChildFund Australia strictly prohibits, and has zero tolerance for, any action that constitutes fraud, corruption, bribery or facilitation payments. ChildFund Australia is committed to a targeted and risk based approach to prevent and detect such actions; and will act promptly when actual or suspected instances are identified.

## Policy Principles

ChildFund Australia:

- maintains a 'zero tolerance' attitude towards fraud and corruption. Fraud and corruption, regardless of who commits the act and who it is committed against, will constitute misconduct and may be grounds for dismissal, or in the case of supplier or partner relationships, the termination of funding agreements. It may lead to actions to recover any losses sustained by ChildFund Australia as a result of such fraud and will include referral to law enforcement authorities unless a specific exemption applies, as set out in the related Procedures.
- adopts a proactive risk management approach to the assessment, prevention, detection and investigation of suspected fraudulent and corrupt activity that is incorporated into its business processes, management practices, internal controls and related activities;
- Requires all those who participate in the work of ChildFund Australia to actively prevent, detect and report any instances of suspected or actual fraud.
- requires that all staff and partner organisations report any case of suspected or detected fraud and corruption as soon as it is suspected or detected. Reports must be made in good faith and be as thorough as possible. False or malicious allegations may result in disciplinary action being taken;
- commits to ensuring staff are adequately trained on a regular basis on fraud and

corruption, and will support partner organisations in the development of their own capacity and processes on fraud and corruption awareness.

## Policy in Action

### Roles and Responsibilities

All Board members, staff, volunteers and interns will:

- Comply with this policy;
- Follow the Fraud and Corruption Prevention and Awareness Procedures;
- Be alert to fraud and corruption risks in their work; and
- Identify and seek continued understanding of fraud and corruption awareness through training
- Act in accordance with ChildFund’s values and our Employee Code of Conduct which states; *“I will act against any form of fraud or corruption and not offer, promise or accept any bribes”*.
- Report any suspected or detected fraudulent or corrupt activities in line with policy.

Senior management (in both Sydney and country offices) will:

- Monitor and ensure compliance with this policy and related procedures;
- Arrange regular fraud and corruption prevention and awareness training;
- Ensure adequate mechanisms are in place to assess, detect and investigate instances of suspected fraud;
- Ensure any suspected or actual instances of fraud are reported **immediately** to the Chief Operating Officer (COO);
- In our country offices, ensure adequate fraud and corruption risk assessments are undertaken as part of the partner due diligence and capacity assessments;
- In our country offices, ensure adequate fraud and corruption risk assessments are undertaken for each project and an adequate fraud control plan is put in place to mitigate such risks;
- In our country offices, ensure partner organisations undertake regular fraud and corruption prevention and awareness training for their staff and provide support and guidance where necessary

Partner organisations (including organisations engaged as contractors and consultants) will:

- Comply with all obligations as defined in their agreements with ChildFund Australia including those pertaining to fraud and corruption;

- Provide or develop fraud and corruption awareness policies and procedures with assistance from ChildFund Australia where required;
- Ensure any suspected or actual instances of fraud are reported **immediately** to your main point of contact in ChildFund Australia.
- Ensure regular training is undertaken with staff for fraud and corruption prevention and awareness.

The Chief Operating Officer (COO):

- Is responsible for the interpretation, administration, application and revision of this Policy;
- Is responsible for overseeing the organisational fraud control strategy and application of mitigation strategies;
- In liaison with the relevant country director, is responsible for determining the level of inquiry or investigation to be undertaken in the event of any suspected or detected fraudulent or corrupt activity;
- In liaison with the relevant country director, will ensure that the necessary reporting requirements are undertaken to third parties (donors, governance bodies etc.) and law enforcement agencies. CEO approval will be sought prior to reporting any such incidents.

## Reporting

All those who participate in the work of ChildFund Australia as articulated in the Scope of this policy, have a duty to report concerns they have, or information provided to them, about any possible fraudulent or corrupt activity of any staff, Board member, contractor, vendor, implementing partner or any other funding recipients with an association with ChildFund Australia including all overseas branches.

Any individual who has a reasonable basis for suspecting fraudulent or corrupt acts have occurred must report the act immediately to the COO or to their Country Director (in the case of a ChildFund Australia Country Office) who in turn will notify the COO.

The COO (in liaison with the Country Director where applicable) is responsible for arranging a preliminary inquiry into incidents of potential fraud or corruption, and taking appropriate action where preliminary inquiries suggests that there could be substance in the allegation(s).

The approval of the CEO shall be sought prior to reporting any suspected or detected incidents of fraud or corruption to law enforcement agencies.

If at any time, an individual believes that the action taken by the Country Director or COO is inappropriate or insufficient; or the matter involves these individuals, the individual has the ability to report the matter (anonymously or otherwise) through the Whistleblowing Policy mechanism.

The COO will provide an annual report to the audit, risk and governance committee summarising all instances of fraudulent activity and actions taken by management.

Should a significant instance occur that may have significant financial and/or reputational risk to the organisation, this will be directly reported to the audit, risk and governance committee at the earliest opportunity and outside the normal reporting timelines.

### **Bribery**

Bribery or attempting to bribe a foreign public official is a serious crime and can be prosecuted under Australian law and the laws of foreign countries. Bribery is prohibited by ChildFund Australia. As it is a type of fraud, any suspected incidents of bribery must be reported to the applicable Country Director and/or the COO.

### **Facilitation Payments**

Facilitation payments have a corrosive effect, undermining local laws, entrenching corrupt practices and will leave organisations open to exploitation and reputational risks. ChildFund Australia prohibits the use of facilitation payments. In certain circumstances, not paying a facilitation payment can create a threat to the health and safety of an individual. In such a case, the payment should be made, documented and reported to the Country Director where applicable and COO as soon as possible.

### **Fraud and Corruption Control Framework**

