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# FRAUD AND CORRUPTION PREVENTION AND AWARENESS POLICY

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## Introduction

ChildFund Australia (ChildFund) has a zero tolerance toward fraud and corruption and practices high standards in preventing, detecting, and responding to any instances of fraud and corruption. This includes fraud and corruption committed by ChildFund staff, contractors, partners, consultants, and suppliers representing ChildFund, as well as external perpetrators that are becoming increasingly more sophisticated. ChildFund recognises the environment it works in and the financial and reputational consequences for fraud occurring, which include undermining staff morale and public support for ChildFund.

This policy is supported by the related policies listed and should be read in conjunction with the Fraud and Corruption Procedures that outline our processes and controls to prevent, detect, report, and investigate fraud when it occurs.

## Policy Statement

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

No organisation is immune to fraud. ChildFund 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 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. This includes:

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

As a condition of organisational partnership, ChildFund 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<sup>1</sup>

**Bribery** is a type of Fraud. It is the promise or delivery of a benefit to influence the receiver's behaviour. Usually, the behaviour expected of the person receiving the bribe is illegal or unethical in

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<sup>1</sup> DFAT Fraud Control Toolkit for Funding Recipients, Annex 1 The Definitions, [dfat.gov.au](https://www.dfat.gov.au)

nature and would not be something they would usually do. However, the return behaviour itself does not have to be illegal or unethical for it to fall within the definition of 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.

**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 pervert, 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.

**Facilitation Payments** are low-value payments designed to speed up the actions of a service provider or supplier. Facilitation payments have a corrosive effect, undermining local laws, entrenching corrupt practices and will leave organisations open to exploitation and reputational risks.

**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.

People usually associate fraud with monetary or material benefits. Gains are not only about monetary or material benefits. For example, a person can receive benefits by giving away sensitive or classified information.

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.

## Policy Principles

### Fraud and Corruption Control Framework

ChildFund has adopted the national standard, the Commonwealth Fraud Control framework, for controlling the risks of fraud and corruption.

It identifies several elements that are necessary for effective fraud prevention, including:

- senior leadership which promotes an ethical culture;

- an appropriate level of awareness about fraud-related issues among staff and contractors;
- a risk-based approach to identifying, assessing and treating risks; and
- well-designed and implemented internal control measures.

Central to the approach are four key fraud control strategies:

- prevention;
- detection;
- response; and
- monitoring, evaluation and reporting.

These strategies are interdependent and should be subject to a cyclic process of review and enhancement.



## Policy in Action

### ChildFund commitments to Fraud Prevention and Control

- maintains a 'zero tolerance' attitude towards fraud and corruption. This means that Fraud and corruption will not be tolerated, regardless of who commits the act and who it is committed against;
  - for ChildFund people, it will constitute misconduct and may be grounds for termination;
  - in the case of supplier or partner relationships, may result in the termination of existing agreements;

It also may lead to actions to recover any losses sustained by ChildFund because of the fraud and will include referral to law enforcement authorities unless a specific exemption applies as set out in the related Procedures.

- applying a proactive approach to prevention by applying fraud risk assessment to

identify risks to business operations, including project-specific risk assessment<sup>2</sup> for field work and incorporating measures into all relevant processes, practices, internal controls and related activities e.g. segregation of duties, third-party due diligence;

- to undertake ongoing monitoring and evaluation activities to test and review the operation and effectiveness of fraud mitigation and corrective measures;
- requires all those who participate in the work of ChildFund 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<sup>3</sup>. False or malicious allegations may result in disciplinary action being taken;
- provides whistleblowing mechanism and protections for people reporting in good faith and wishing to stay anonymous<sup>4</sup>;
- to thoroughly investigate all suspected fraud cases or reports of wrongdoing and ensure that corrective measures are taken to address any gaps and causes identified;
- maintain a central fraud register; and
- ensure all staff are adequately trained on an annual basis on fraud and corruption, and will support partner organisations in the development of their own capacity and processes on fraud and corruption awareness.

### Roles and Responsibilities

All **Board members, staff, volunteers, and interns** are responsible for:

- complying with this policy;
- following the Fraud and Corruption Prevention and Awareness Procedures;
- being alert to fraud and corruption risks in their work;
- identifying and seeking continued understanding of fraud and corruption awareness through training;
- acting in accordance with ChildFund's values and our Organisational Code of Conduct which states; *"I will act against any form of fraud or corruption and not offer, promise or accept any bribes"*; and
- reporting any suspected or detected fraudulent or corrupt activities in line with the policy.

**Country Directors** are responsible for:

- monitoring and ensuring compliance with this policy and related procedures;
- arranging annual fraud and corruption prevention and awareness training;
- ensuring adequate mechanisms are in place to assess, detect and investigate instances of suspected fraud;
- ensuring any suspected or actual instances of fraud are reported immediately to the Deputy CEO, Operations;
- ensuring adequate fraud and corruption risk assessments are undertaken as part of the partner due diligence and capacity assessments;
- ensuring 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; and

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<sup>2</sup> A template for conducting a Fraud Risk Assessment is contained in Annex 2 of the Fraud and Corruption Prevention and Awareness Procedure.

<sup>3</sup> A Fraud Notification form is included in Annex 1 of the Fraud and Corruption Awareness Procedure.

<sup>4</sup> Details are included in the ChildFund Whistleblowing Policy and Procedure.

- supporting partner organisations where necessary to undertake regular fraud and corruption prevention and awareness training.

**Partner organisations** (including organisations engaged as contractors and consultants) are responsible for:

- complying with all obligations as defined in their agreements with ChildFund, including those pertaining to fraud and corruption;
- providing or develop fraud and corruption awareness policies and procedures, with assistance from ChildFund where required;
- ensuring any suspected or actual instances of fraud are reported **immediately** to your main point of contact in ChildFund;
- ensuring regular training is undertaken with staff for fraud and corruption prevention and awareness.

The **Deputy CEO, Operations** is responsible for:

- the overall interpretation, administration, application and revision of this Policy;
- overseeing the organisational fraud control plan and application of mitigation strategies;
- in consultation with the relevant Country Director, determining the level of inquiry or investigation to be undertaken in the event of any suspected or detected fraudulent or corrupt activity;
- in consultation with the relevant Country Director, ensuring that the necessary reporting requirements are undertaken to comply with third parties (donors, governance bodies etc.) and law enforcement agencies.

## Reporting

All those who participate in the work of ChildFund 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.

Anyone who has a reasonable basis for **suspecting** fraudulent or corrupt acts have occurred must report the act **immediately** and can report the matter via one of the processes below:

- Sydney Office Staff - should report to their respective line manager and/or the Deputy CEO, Operations.
- Country Office Staff - should report to their respective Country Director and/or the Deputy CEO Operations.
- Implementing Partner Staff or Partner Organisations – should report to their CEO and main ChildFund point of contact for the partnership.
- Any individual who has received a report of suspected or detected fraud should report this to the Deputy CEO, Operations immediately by email and in writing using the “**Suspected or Detected Fraud Notification Form**” (**Annex 1**) **within 3 working days**. They should not wait until the matter is investigated.
- In exceptional circumstances where it would be inappropriate to approach those individuals’ outlined above, or where the individual may be concerned for their safety, the individual has the ability to report the matter (anonymously or otherwise) through the [Whistleblowing Policy mechanism](#)
- In the event a potential fraud involves grant/donor funds, the Deputy CEO, Operations must ensure that the relevant Donor reporting obligations are complied with. DFAT requires all instances of suspected or detected fraudulent or corrupt activity involving DFAT funds to be reported to DFAT in writing within five (5) working days.

In the case of facilitation payments, sometimes 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 applicable Country Director and Deputy CEO, Operations, as soon as possible.

Where preliminary inquiries suggest there could be substance in the allegation(s):

- The Deputy CEO, Operations (in consultation with the Country Director where applicable) is responsible for arranging a preliminary inquiry into incidents of potential fraud or corruption and taking appropriate action.
- The Deputy CEO, Operations (in consultation with the Country Director where applicable) will ensure that any donor reporting obligations are met.
- The approval of the CEO shall be sought prior to reporting any suspected or detected incidents of fraud or corruption to law enforcement agencies or the National Anti-Corruption Commission (NACC)<sup>5</sup>.

If at any time, an individual believes that the action taken by the Country Director or Deputy CEO, Operations 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 Deputy CEO, Operations will provide an annual report to the Audit & Risk Committee summarising all instances of fraudulent activity and actions taken by management.
- Fraud cases, investigations and actions arising are also included in Consolidated Incident Report which is presented at each Audit and Risk committee and board meeting.
- 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 and Risk Committee at the earliest opportunity and outside the normal reporting timelines.

## References

Commonwealth Fraud Control Framework 2017: <https://www.ag.gov.au/sites/default/files/2020-03/CommonwealthFraudControlFramework2017.PDF>

DFAT Fraud Control Toolkit for Funding Recipients: <https://www.dfat.gov.au/about-us/business-opportunities/dfats-new-fraud-control-toolkit>

## 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
- Organisational Code of Conduct

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<sup>5</sup> In Australia, cases of systemic and serious corruption may be referred to National Anti-Corruption Commission (NACC).

## Document Control

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## Revision History

Version Number	Status	Date	Author	Authorised By	Remarks
1.0	Final	22.02.17	Adrian Graham	Board	
2.0	Final	12.06.19	Adrian Graham	Board	Refresh of initial policy
3.0	Final	20.11.23	Adrian Graham	CEO	Refresh of initial policy (minor changes)