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Anti-Fraud and Corruption Policy

Approved by the Board on: 25 May 2024

Managed on behalf of the Executive Director and Board by: Chief Operating Officer

1. Purpose

This document sets out ActionAid Australia's policy regarding the prevention and investigation of suspected fraud and corruption by individuals who have a relationship with ActionAid Australia.

2. Scope

This policy applies to all:

- staff members, contractors and consultants;
- volunteers and interns;
- Board of Directors; and
- partner organisations

3. Definitions

Fraud: dishonestly obtaining a benefit, or causing a loss, by deception or other unlawful and/or unethical means. "Benefit" also refers to both tangible items, such as money or objects, and intangible benefits including power, status or information.

Fraud can cover many activities including, but not limited to, the following:

- forgery, alteration or misrepresentation of information on documents (e.g. cheques, bank drafts, bank statements, time sheets, invoices, quotations, agreements, receipts)
- theft, misappropriation or destruction of funds, securities, supplies or other assets
- impropriety in the handling of money or financial transactions;
- authorisation or receipt of payment for goods not received, services not performed, travel and entertainment expenses not incurred, and/or hours not worked;
- using ActionAid funds to pay for personal expenses;
- inappropriate use of the organisation's records and disclosing confidential and proprietary information to outside parties, without consent;
- unauthorised use of inventory, furniture, fixtures, equipment or other assets;
- any apparent violation of Federal, State or local laws related to fraudulent activities

Corruption: the offering, giving, soliciting, or acceptance of an inducement or reward that may improperly influence the action of a person or entity. Examples of corruption

include: bribery, conspiracy, extortion, breaching of public trust by a public official, and or abusing their office or misusing official information

Asset Misappropriation: misappropriation of organisations assets through fraudulent activity. Examples of asset misappropriation include theft of assets; fraudulent disbursements, payroll schemes, forged documents, misuse of assets, ghost employees, personal purchases, overstated expenses, fictitious expenses, money laundering, misrepresentation of qualifications to obtain employment.

Money Laundering: Money laundering is the process by which the proceeds of crime are converted into assets, which appear to have a legitimate origin. One area where a charity could be involved is by receiving donations in cash, which the charity is subsequently asked to repay by cheque or pass on to a third party. This would result in the donor receiving what is referred to as “laundered” money, as it is now from a reputable source. It may not be challenged by the authorities or banking system in the way a large cash sum would, and helps to obscure the trail back to the original corrupt source of the funds.

4. Legal Obligations

ActionAid Australia adheres to the following Australian legislation and standards:

- Fraud and Anti Corruption Guidance for DFAT Partners June 2016;
- Commonwealth Fraud Control Framework 2014;
- National Anti-Corruption Commission 2022
- ACFID Quality Assurance Framework December 2019 (8.2);
- ACFID Code of Conduct (External Conduct Standard 3)
- Criminal Code Act 1995 (Part 7.3);
- DFAT Head Agreement; and
- Australian Government Investigations Standards 2011.

ActionAid Australia country offices, partners and projects overseas should also adhere to any local legislation in respect of fraud and corruption.

5. Policy Statement

ActionAid Australia is committed to protecting funds and other property entrusted to it by donors, from attempts by - members of the public, contractors, consultants, volunteers, partner organisations, direct beneficiaries, staff or Board members – to gain financial or other benefit by deceit. ActionAid Australia will take all reasonable steps to prevent fraud and will act promptly when actual or suspected fraud is identified.

ActionAid Australia maintains a ‘zero tolerance’ attitude towards fraud and corruption and:

- requires that all staff and delivery partners to report any case of suspected or detected fraud and corruption immediately it is detected or suspected;
- adopts a risk management approach to the prevention, detection and

investigation of suspected fraudulent and corrupt activity that is incorporated into its business processes, management practices, internal controls, and related activities; and

- ensures the application of appropriate sanctions against those who have committed fraud and engaged in misconduct, including contacting the police
- all losses are actively pursued to ensure recovery of funds wherever possible.

6. Policy in Practice

AAA employs staff who have a positive attitude to protecting and making the best use of its assets. This attitude is reinforced by the various AAA, AAI and ACFID Code of conduct policies and procedures. All staff, volunteers, and Board members are expected to understand and sign the Code of Conduct.

Prevention

- We will have a zero-tolerance culture towards fraud and corruption, embedding this in all aspects of our work. The Chief Operating Officer will be a central point of responsibility for managing compliance with the policy and along with the rest of the Leadership Team will ensure that all individuals involved in ActionAid Australia's operations understand their responsibilities in relation to this policy, that corruption will not be tolerated, and that the organisation's policy is to investigate and seek appropriate measures, including seeking prosecution, of all perpetrators. This will be embedded through:
 - employee inductions
 - training
 - employee contracts
 - supplier and partner agreements
 - identification of conflicts of interest in respect of suppliers and consultants
- All staff and volunteers across all functions and programs within the organisation, are responsible for the detection and prevention of fraud and misappropriation. All staff should be familiar with the types of improprieties that might occur within their areas of responsibility and be alert for any indication of irregularity.
- We will provide and promote appropriate mechanisms for those inside (AAA Whistleblowing Policy and the ActionAid Australia HR Manual) and outside (Complaints Handling Policy) the organisation to voice their genuine concerns and protect those who do so, whilst deterring the making of malicious or unfounded accusations.
- We will understand and uphold all legal obligations and the expectations of funding agencies with whom we work with regard to fraud and corruption.
- We will periodically assess the risk of exposure to fraud and corruption as part of the ActionAid Risk Management Policy.
- We will ensure that clearly defined processes and procedures, roles and responsibilities in the prevention and management of fraud and corruption are

included in operational manuals, particularly the Finance, Fundraising and Program Manuals.

Investigation and Response

- All employees, volunteers, directors, and partners have a duty to report concerns they have, or information provided to them, about the possible fraudulent or corrupt activity of any employee, board member, contractor, consultant, supplier, partner organisation or any other party with an association with ActionAid.
- If the reporting person/s is unable to report the allegations through the prescribed channels, then they should use the AAA Whistleblowing mechanism to do this.
- Anyone with a reasonable basis for believing fraudulent or corrupt acts have occurred must report the suspected act immediately to the Chief Operating Officer and Executive Director as well as to the most senior staff member with accountability for the function or program in which the act occurred. In the case of ActionAid partners, staff overseas should first report to the Country Director or may go directly to the ActionAid Australia COO/ED (in cases where CD may be implicated or not take concerns seriously).
- The Executive Director and Chief Operating Officer are responsible for ensuring incidents are investigated, and appropriate action is taken where preliminary inquiries suggest that there appear to be substance in the allegations, regardless of the scale of the offence and whether the activity failed or was successful. Investigations will be undertaken rigorously and promptly in a professional and competent manner, may require advice of legal counsel.
- Consideration should be made of any reputational risk as a result of the fraud and the Executive Director should be consulted to ensure correct messaging is used.
- If it is believed that the action taken by the Executive Director and/or Chief Operating Officer is insufficient, then the Board Chair or Deputy Chair should be notified. If a particular matter involves a member of the Leadership Team, they are required to notify the Executive Director who will inform the Chair of the situation. If the matter involves the Executive Director, they are required to go directly to the Board Chair or Deputy Chair.
- Where fraud and corruption are suspected within a partner organisation, funding must be suspended as soon as fraud is established until the matter has been resolved to ActionAid Australia's satisfaction.
- **DFAT funding related fraud must be reported to DFAT, suspected or real incidents, within five (5) business days of reports being raised with ActionAid Australia by staff or partners using the 'Fraud Referral Form' template.**
- DFAT requires fraudulent matters to be referred to the Australian Federal Police (AFP) if in Australia, or the local police if fraud has occurred in-country.

- Before reporting a fraud incident to the local law enforcement authority, the following considerations should be made:
 - Could reporting the incident compromise the safety of a person's life;
 - Could it significantly impact on them to an extent which would result in undue hardships or;
 - Could it result in a disproportionate response to the circumstances of the fraud.
- Fraud related to other institutional funding partners should be reported in line with the contractual agreement requirements.

All investigations will result in a written report. In this report, management must disclose full details of their findings. The report must be submitted to the Board and may be required by auditors, insurance companies and donors as required.

- A compliance review of partners by external auditors may be considered especially in light of emerging internal control issues.
- Investigations should determine:
 - the extent of corrupt activities, by whom and how it was carried out;
 - whether any criminal prosecution is likely or desired and how the investigation should proceed such that this end is not compromised;
 - the most appropriate way to recover any losses incurred;
 - if and how to discipline employees;
 - what action is to be taken to prevent reoccurrence of the corrupt activities.
- All proven instances of perpetrators and collaborators of fraud and corruption will be treated as gross misconduct.
- Recovery of all losses should be actively pursued. Should the costs of doing so significantly exceed the amounts that are likely to be recovered, the Executive Director has the discretion not to take this action.
- If the recovery of losses is not possible from the perpetrator and the amount is considered material (>\$5k) the COO will contact the police under direction from the Executive Director.
- Where fraud and corruption is uncovered at a partner organisation the relationship should be re-assessed and either terminated or if the relationship is to continue, ensure that sufficient action has been taken to address control weaknesses that allowed the corruption to occur.
- The knowledge that corruption has been uncovered should be limited to a very few key personnel. This will increase the likelihood of full and unbiased information emerging and prevent the untimely departure of the suspected perpetrator(s), destruction of evidence and accusations of slander or defamation. Even once the investigation has been finalised the incident should not be shared beyond those involved and the Board.
- Payments to facilitate work are considered as bribery under this policy and therefore are prohibited. ActionAid Australia is aware that, under the Foreign Corrupt Practices Act ("FCPA") there is a narrow exception for facilitation payments where personal safety is threatened, and that payment of a bribe is

the only way that their safety could be guaranteed. However, in accordance with ActionAid's Global Staff Security Management Policy:

- management should be made aware of any life-threatening situation occurrence as soon as possible;
- through robust security procedures, ActionAid Australia must minimise the likelihood of such circumstances arising.

Post Investigation Reporting

- All examples of criminal activity must be recorded and reviewed by the Leadership Team and the Board.
- Significant cases of fraud (any loss greater than \$1,600) must be reported to the AAI Head of Internal Audit immediately. Otherwise, all incidents, whatever their level of materiality must be reported at the end of the financial year in an annual statement to the Internal Audit Department at the Secretariat.
- Where corruption or irregularities impact funds for which:
 - there is a contractual commitment to disclose to the donor, then these should be respected;
 - other ActionAid countries are accountable, they must also be informed on the completion of investigations.
- In the case of referral to external authorities, and reporting to a donor, the final decision will be made by the Executive Director.

7. Monitoring and Review of Policy

The Chief Operating Officer is accountable to the Executive Director and Board for managing and maintaining this policy. All members of the Leadership Team are accountable for ensuring that their functional teams understand and adhere to this policy in their day-to-day work. The active monitoring of all ActionAid Australia activities for fraud and corruption is the day-to-day role of all staff, Directors, and volunteers. Where compliance issues are surfaced, Leadership Team members will work with staff to address these issues promptly.

Any updates/revisions to the policy must be endorsed by the Executive Director and Leadership Team before being submitted to the ActionAid Australia Board for their approval.

8. Related Policies and Procedures

- ActionAid Australia Whistle Blowing Policy 2023
- ActionAid Australia Complaints Handling Policy.
- ActionAid Australia Finance Manual (which includes Procurement Policy)
- Conflict of Interest Policy.

Changes to Policy

Nature of Change	Date of approval by Board
Policy developed to reinforce ActionAid Australia's commitment to a strong anti-fraud and corruption approach, in line with ActionAid International's anti-fraud policy embedded in its Financial Management Framework	7 April 2017
<ul style="list-style-type: none"> • Addition of the National Anti-Corruption Commission – adherence to Australian context • Addition of ACFID Code of Conduct reference to Fraud • Addition of Asset Misappropriation as another type of fraud or corrupt activity • Addition of reporting of fraud incidents (alleged or confirmed) to DFAT related funding within 5 working days • Addition of reporting of matters to the local authorities, and the exclusions under this requirement • Addition of the AA Whistle Blowing policy as a reference document 	May 2024