

FRAUD CONTROL AND CORRUPTION PREVENTION POLICY

Introduction

Action on Poverty (AOP)

Action on Poverty (AOP) is an independent, secular, not for profit, non-governmental organisation. Founded in Australia in 1968, AOP works with partners and communities in Africa, Asia and the Pacific.

AOP is committed to supporting work that is of the highest standard, and in doing so, holds full accreditation with the Australian Government through the Department of Foreign Affairs and Trade (DFAT). AFAP is a signatory to the Australian Council for International Development (ACFID) Code of Conduct which requires high standards of corporate governance, public accountability and financial management to be in place.

AOP Vision: For all people to transcend the injustice, indignity, and inequality of entrenched poverty.

AOP Mission: To empower changemakers to break the cycle of poverty.

1. Purpose

The objective of this policy is to protect against, detect and respond to fraud and corruption in order to protect the interests of clients, workers and other stakeholders while retaining a high ethical standing within the community for AOP and its partners.

2. Scope

This policy applies to all Directors, employees, volunteers, contractors and consultants in relation to their work with/for AOP and its partners. To be clear, the obligations of partners to comply with this policy extends to any organisations or individuals that they work with.

3. Policy Statement

AOP cannot and will not tolerate fraud or corruption. Fraud and corruption are unethical and illegal. Every dollar taken by theft or fraud reduces AOP's capacity to direct funding to people in need or will reduce back office support to compensate for the loss.

We rely on the support of government, business and the community to deliver the support we provide to people in need. Reputational damage arising from lax fraud control procedures can lead to a significant decline in confidence in AOP and its partners and have an adverse impact on donations and funding, leading to a more severe impact on the services we deliver and back office support than the initial theft.

It is in everyone's interests to prevent fraud and corruption from occurring and to report every suspected incident immediately to the Chief Financial Officer (CFO) and their supervisor (except where their supervisor or CFO may be involved in the fraud or corruption event. In such an event, report the suspected incident to the CEO or Board Chair).

4. Definitions

AOP uses the Commonwealth Fraud Control Framework 2014 definition of Fraud – “dishonestly obtaining a benefit or causing a loss by deception or other means”. Fraud is an intentional and deliberate action which deceives others and results in a benefit to the fraudster. It should be noted that mismanagement and contractual issues are not fraud and fall outside the scope of this policy.

Terms used in this policy are:

Fraud: dishonestly obtain or arrange a benefit by deception or other means Examples include:

- Theft such as stealing property, petty cash, gift cards, donations, client funds or corporate assets;
- Falsification of records, accounts or documents to deceive;
- Dishonestly destroying or concealing accounts or records;
- Embezzlement or misappropriation of funding or other assets;
- Misuse of assets or property for personal benefit (e.g. vehicles); and
- Forgery or issuing false or misleading statements with intent to obtain financial advantage or deceive.

Corruption: Dishonestly obtain a benefit by misuse of power, position, authority or resources Examples include:

- Bribery, extortion and blackmail;
- Secretly permitting personal interests to override corporate interests;
- Secretly giving or accepting gifts & benefits in return for preferential treatment to the giver (including facilitation payments);
- Collusion, false quotes, false invoices or price fixing;
- Manipulating design & specifications or processes for personal gain or to conceal defects;
- Complicity in excessive billing or submission of false support documents or concealment of documents;
- Falsifying job qualifications or work or safety certifications;
- Nepotism (favouring relatives); and
- Privacy breaches or data manipulation with intent to cause harm.

5. Responsibilities

Everyone in AOP is responsible for fraud control and corruption prevention. Accordingly, every person must report every suspected incident immediately to both the CFO and to their supervisor (except where their supervisor or CFO may be involved in the fraud or corruption event. In such an event, report the suspected incident to the CEO or Board Chair).

Further specific responsibilities are:

Board

The Board together with executive management sets ethical principles that form the foundation of an ethical anti-fraud culture.

Board Governance & Risk Committee

Reviewing and monitoring policies for preventing and detecting fraud, Reviewing fraud reports from management and auditors.

CEO

- Set the ethical 'tone at the top' to flow throughout AOP to entrench a culture of high ethics and integrity,
- Approve terms of reference for any investigation into fraud or corruption, and
- Approve or endorse final action to be taken in response to actual incidents of fraud or corruption.

COO

- Ensure that there are programs and controls in place to address risk including fraud and corruption risk and that those controls are effective
- Oversee daily operations in which fraud or corruption risks may arise,
- Be actively involved in planning activities to prevent, detect and respond to suspected fraud and corruption incidents,

- Maintain a detailed fraud register and detailed file of all investigations, Respond to adverse trends identified from the fraud and corruption database.

Managers

- Introduce and maintain controls to prevent incidents of fraud or corruption from arising in their area of responsibility.
- Ensure that a fraud or corruption risk assessment has been conducted for their area of responsibility at least once annually.
- Immediately notify all suspected fraud or corruption incidents that are detected within their jurisdiction to the CFO.
- Respond to the outcomes of any investigation or inquiry into any suspected fraud or corruption incident.

All Workers (Directors, executives, managers, employees, volunteers, contractors & consultants regardless of whether working full time, part time, casual etc.)

- Be continually alert to the possibility of fraud or corruption incidents and to internal control lapses.
 - Inform their manager (or their manager's supervisor) of any suspected incidents or control lapses or weaknesses.
 - Notify the CFO about any suspected incidents. Not engage in any fraudulent or corrupt conduct.
- External Audit
- Maintain awareness of the possibility of fraud or corruption during audit work. Notify the Board if incidents of fraud or corruption are identified.

6. Application

AOP is committed to minimising fraud and corruption and instilling a culture of

- Minimising opportunities for fraud and corruption to take place;
- 'Zero tolerance' of fraudulent and corrupt behaviour;
- Inquiring and investigating all suspected fraud and corruption tip-offs regardless of source or if made anonymously;
- Recovery of losses sustained through acts of fraud or corruption through all available avenues;
- Reporting all incidents of fraud or corruption to external parties as appropriate.

a. Prevention

Preventative measures include:

- Regular review of the integrity framework supporting a culture of integrity and intolerance of fraud or corruption;
- Awareness training and education;
- Risk assessments as part of annual project risk assessments;
- Continual quality improvement reviews of internal control and compliance measures;
- Pre-employment screening (including volunteers, contractors and consultants, where appropriate);
- Maintenance of a fraud and irregularities file/database for trend analysis to identify early action; and
- Annual update of fraud control and corruption prevention plans for resolution of shortfalls in any of these preventative measures

b. Detection

Detective measures include:

- Fraud & corruption detection programs such as data monitoring and analysis;
- Alternative reporting mechanisms;
- Whistleblower protection;
- Discovery during grievance management;
- Quality assurance officer and compliance officer awareness during reviews; and
- External audit awareness during audits

c. Response

AOP will take all measures necessary to protect the confidentiality of anyone who raises a concern with regard to fraud and anyone implicated in any allegation made until the matter has been fully investigated. Refer to the AOP whistle blowing policy for more detail.

Response measures include:

- Amendment of the Fraud Control & Corruption Prevention Plan;
- Revision and refreshment of policies to rectify deficiencies;
- Maintenance of an internal investigative capability including identify qualified investigator or committee;
- Internal reporting of outcomes and escalation where appropriate;
- Review of internal controls after every confirmed incident;
- Application of disciplinary procedures for detected incidents;
- Civil action to recover losses where appropriate;
- Maintenance of insurance policies;
- Public reporting of incidents where CEO approves;
- Media management involvement as appropriate;
- Reporting to funding agencies of incidents and rectification measures; and
- Referral to external organisations and agencies, such as Police, as appropriate, after CEO approval

7. Breach

A breach of this Policy may result in disciplinary action that may involve severance from the organisation.

8. Authority

This Policy is approved by the CEO, reviewed by the Board Audit Governance & Risk Committee and adopted by the Board.

9. Related policies

Other organisational policies that should be read in conjunction with this policy and with AOP's ethical value principles include:

- AOP and ACFID Code of Conduct
- AOP Whistleblowing Policy
- AOP Complaints Policy
- AOP Staff Manual
- AOP Finance Manual
- AOP Conflict of Interests Policy
- Control of Funds Policy

10. Policy administration

Review History:

This Policy will next be reviewed in 2018

DRAFT Fraud Policy developed in January 2013 for Board consideration

Revisions made to policy in line with Board discussions: 15 May 2013

Board Approval granted: June 2013

Revision Due: June 2014

Reviewed by COO: No revisions made at June 2014

Revision: June 2015

Revision by COO: Minor updates made

Revision Due: June 2016

Revision by Board and Senior Management: Significant revisions made

Revision: June 2018

Reviewed: February 2020

Revision by Board and Senior Management: Minor revisions made