



Fraud & Corruption Prevention Policy

Introduction

Palms Australia recognises that fraud control and risk management is a key component of good governance and management practice and is committed to establishing and maintaining an organisational culture that supports ethical conduct, and ensures that fraud risk management is embedded in organisational activities and business processes.

Policy Statement

Palms Australia aims to foster an organisational culture that ensures the effective prevention of fraud and corruption. It is integral to our operating activities. The organisation has a zero tolerance policy to fraud and corruption. The organisation relies on the support of volunteers, staff, community, government, overseas and Australian partners to deliver development programs across the communities we work within, and take it as a significant responsibility to protect the funding and ensure the funds are used for the purpose intended. We will identify and promptly investigate any suspicion of fraudulent or related activities such as money laundering and financing of terrorism. When appropriate we will pursue legal remedies.

All our employees and program partners are accountable for, and have a role to play in, fraud and corruption control. We encourage a positive culture within our staff and volunteers to disclose actual or suspected fraudulent activities. We will investigate all reports thoroughly. Where this is the appropriate course of action we will protect the anonymity of anyone reporting these activities.

Definitions

Fraud

(Australian Standard - AS 8001-2008)

Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.

Corruption

(Australian Standard - AS 8001-2008)

Dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity. The concept of 'corruption' within this standard can also involve corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity either directly or indirectly.

Responsibilities

Everyone in Palms Australia is responsible for fraud control and corruption prevention. Accordingly, every person must report every suspected incident immediately to their supervisor (except where the supervisor may be involved in the fraud or corruption event in which case they report it to their supervisor's supervisor) and/or when appropriate to BoD.

Further specific responsibilities are:

a) Board of Directors (BoD)

Through the committees, especially Finance and Risk Committee (FRC), is responsible for:

- Together with executive management, setting ethical principles that form the foundation of an ethical anti-fraud culture.
- Reviewing Fraud and Corruption Prevention policy to ensure they are up-to-date.
- Reviewing fraud and corruption reports from management and auditors.

b) Executive Director (ED)

Is responsible for:

- Management of risks faced by the organisation, including fraud, and to ensure that fraud is reported to the Board of Directors.
- Set the ethical tone to entrench a culture of high ethics and integrity across the organisation
- Approve terms of reference for any investigation into fraud or corruption.
- Approve or endorse the final action to be taken in response to investigation of fraud or corruption, as identified by Palms Australia staff and/or volunteers.

c) Finance & Business Officer (FBO)

Is responsible for:

- Internal and external auditing functions.
- Financial reporting and management.
- Maintaining a regular review over financial and operational tasks.
- Establishing and maintaining documents required for reporting and recording processes to be followed in the event of an allegation of fraud *ie. fraud and corruption register*.
- Reporting any fraud incidents to CEO, BoD, DFAT (Department of Foreign Affairs and Trade) and/or enforcement agencies where necessary.

d) Programs and Placements Coordinator (PPC)

Is responsible for:

- Conducting or ensuring appropriate delegation of risk assessment in undertaking program activities.
- Introducing and maintaining controls to prevent incidents of fraud or corruption from arising in program activities.
- Immediately notifying the CEO of any and all suspected fraud or corruption incidents that are detected within their jurisdiction.
- Applying complete confidentiality on the alleged incident throughout the process.
- Ensuring that all individuals involved in relation to possible fraud are protected from any adverse treatment or retaliation.
- Responding to the outcomes of any investigation into any alleged fraud or Corruption.

e) All Staff and Palms Australia (PA) International Volunteers

Are responsible for:

- Identifying and reporting suspicious actions or wrong doing to the ED, FBO, and PPC. PA volunteers can report directly to the PPC.
- Being continually alert to the possibility of fraud or corruption incidents.

- Not engaging in any fraudulent or corrupt conduct.
- Reporting to the BoD any suspicion that the ED, FBO or PPC are involved in fraudulent activities.

f) External Auditor (EA)

Is responsible for:

- *Maintaining awareness of the possibility of fraud or corruption during audit work.*
- *Notifying the ED or BoD if incidents of fraud or corruption are identified.*

Mitigation Processes and Actions

Palms Australia's Board of Directors, Chief Executive Officer, Finance & Business Coordinator and Programs and Placements Coordinator, Staff and Internal Audit Contractors all foster a 'Zero tolerance' of fraudulent and corrupt behaviour. All have roles in the organisation's risk controls.

a) Prevention Measures

Preventative measures include:

- Conflict of interest disclosure as a standing item for Board of Directors meetings
- Where there has been cause for investigation of conflict of interest the Board of Directors are to be notified
- Awareness education for all staff and volunteers regarding what is defined as fraud; corruption and bribery
- Risk assessments as part of engaging overseas and Australian partners.
- Pre-employment screening (including PA/Office volunteers and Finance staff, where appropriate).
- Review of expenditure items but not limited to - use of credit cards, travel, staff reimbursements, and asset audits.
- Procurement Policy outlining procurement processes and procedures.
- *Maintenance of a fraud and irregularities file/database for trend analysis to identify early action.*
- *Review Fraud and Corruption Prevention policy by the Board every 3 years to ensure it is up-to-date.*

b) Detection of Fraud

Includes:

- Conducting annual external audit of finances
- Findings from Grievance Management
- Volunteer Program monitoring and evaluation feedback (Partner, Volunteer and PA Staff)

c) Investigation

In the event that fraud or corruption is detected, reported or suspected an investigation will be conducted by appropriately skilled and experienced personnel who are independent of the PA office in which the alleged fraud has occurred. All investigation will comply with all relevant legislation, and adequate records must be made of all investigations. These records are to be kept in accordance with legal, best practice and privacy management guidelines. In conducting an investigation into allegations for fraud and/or corruption we will ensure that information arising from or relevant to, the investigation is not disseminated to any person not required by their position description to receive the information.

d) Response

Measures include:

- Revision and amendments to policies to strengthen and address gaps
- Internal reporting of outcomes and escalation where appropriate
- Review of internal controls after every confirmed incident
- Application of disciplinary procedures for detected incidents
- Reporting to funding body if required

Related Policies

Other organisational policies that should be read in conjunction with this policy:

- *Finance Manual*
- *Complaint Management Policy*
- *(please fill more relevant policy)*

Policy Administration

This Policy will next be reviewed in 2021.

DRAFT Policy developed in August 2018 for Board consideration. Revisions made to the policy during the reviews by the Vision and Mission Committee and Finance and Risk Committee. Board Approval granted: 23 August 2018. Updated 15-11-2018