



# **FRAUD AND ANTI-CORRUPTION POLICY**

**Board Approval: July 2016**

**Board Approval: July 2018**

**Board Approval: August 2021**

**Next Review: 2023**

*AHF's Fraud and Anti-corruption Policy is always reviewed with pro bono advice from Intelligent Risks Pty Ltd.*

## **1. INTRODUCTION**

The Australian Himalayan Foundation (AHF) has a zero-tolerance approach towards fraudulent and corrupt activity or behaviour. An instance of fraud occurring within AHF's operations or their partner programs can deplete funds and other resources intended to support AHF's mission and mandate. The existence or suspicion of fraud can also have a significant adverse effect on the AHF brand and reputation.

AHF is committed to ensuring that all donations received are used to achieve their objectives and in line with their intended purpose. By extension, AHF partners must use funding in a way that aligns with their agreement with AHF.

AHF will not be a party to deals of any kind obtained by means of the payment or receiving of bribes or of any form of fraud, corruption or coercion. AHF will engage a rigorous process of organisational and project management to ensure transparency and accountability in its dealings with other parties.

AHF acknowledges that the developing countries in which it works are inherently difficult environments, often with weak governance arrangements and attitudes towards accountability and transparency different to those in Australia. The paying of bribes encourages corruption which, like fraudulent acts, is something that can further harm those already disadvantaged by diverting goods, services and opportunities away from them. It is also considered a high risk that such actions will prevent the objectives of AHF's programs being achieved. For this reason, AHF has systems and procedures in place to protect public and donated funds from fraud and corruption both in Australia and the countries in which it works.

This policy should be read in conjunction with:

- AHF Risk Management Framework
- AHF Financial Management Policies and Procedures
- AHF Counter-Terrorism Policy
- AHF Complaints Handling and Whistleblowing Policy (and Serious Incident reporting procedures and Form in Annexes)
- AHF Employee Handbook
- AHF International Program Manual
- AHF Conflict of Interest Policy
- AHF Code of Conduct

## **2. PURPOSE**

The purpose of this Policy is to ensure all aspects of organisational and program management are conducted in a transparent and accountable manner to support good governance. It articulates AHF's position against fraud, bribery and corruption and stipulates that occurrences of fraud and corruption must be reported and addressed promptly.

### **3. SCOPE**

This Policy applies to all AHF personnel including Board and Committee members, employees, volunteers, consultants and other representatives. It also applies to individuals or groups engaged on a short-term basis by AHF. These personnel are required to accept and sign AHF's Code of Conduct as part of their involvement with AHF.

This policy applies to AHF's in-country partners, and personnel that partners engage on a short-term basis. As AHF does not directly implement programs, working instead through local implementing partners, the Foundation will work closely with these partners to operationalise the principles outlined in this policy.

### **4. POLICY PRINCIPLES**

#### **Knowledge**

AHF will ensure that all Board and Committee members, employees, volunteers, consultants and in-country partners/affiliates and other relevant stakeholders:

- are made aware of the risks of fraud and corruption;
- share our commitment to a zero-tolerance approach to fraudulent activity and behaviour;
- understand the policy and adhere to it.

#### **Risk management**

AHF will take proactive steps to protect the organisation and its programs from fraud as per the guidelines outlined below.

#### **Reporting**

AHF will ensure that personnel and partner organisations are aware of their responsibility to report concerns regarding fraudulent activity and behaviour and that they understand how to make a report.

#### **Responding**

AHF will treat all reports of suspected or actual fraud or corruption seriously and ensure action to respond is taken promptly in accordance with the organisation's procedures.

### **5. FRAUD CONTROL GUIDELINES**

AHF is committed to actively preventing and detecting fraud, corruption and bribery amongst all AHF personnel, projects and activities.

#### **5.1 PREVENTION & DETECTION**

### **5.1.1 Organisation-wide risk management**

AHF maintains an organisation-wide risk management framework. Fraud and corruption risks are included in this framework, tracked on a risk register and regularly monitored. Risks rated as medium and above have risk mitigation plans and are regularly monitored. High risks (and above) are reported to both the Finance and Governance Advisory Committee and the Board quarterly. The full Organisational Risk Management Matrix is reviewed by all key stakeholders, including the Finance and Governance Committee and the Board annually.

AHF will regularly reassess its organisational fraud and corruption prevention procedures. A review of procedures will follow any actual incident where fraud, bribery or corruption occurs, involving or impacting AHF. The conduct of fraud, bribery and corruption risk assessment and the implementation of anti-bribery procedures forms part of AHF's ongoing risk management and internal control processes.

### **5.1.2 Finance systems, policies and procedures**

AHF manages all financial systems, procedures and operations to high standards of internal controls to minimise the occurrence of errors or fraud. AHF's Financial Management Policy outlines key requirements such as segregation of duties in key financial functions; clear authorisation and approval processes for funds transfers and procurement; asset management; recording, reconciling and reporting on financial transactions.

AHF will conduct audits to detect any fraud and ensure our systems, procedures and practices adequately mitigate these risks. AHF accounts and financial systems are also independently audited annually.

In-country partners are expected to make every effort to achieve financial probity and financial transparency, meet adequate accounting standards and provide accurate acquittals. Agreements with in-country partners clearly state key financial requirements and internal controls in order to minimise fraud and risk.

### **5.1.3 Human Resources**

#### **Safe Recruitment Practices**

AHF will ensure high standards are adhered to during recruitment, selection and screening of all personnel to mitigate the risk of fraudulent and corrupt activity or

behaviour. Recruitment processes must follow AHF's Employee Handbook and AHF recruitment procedures, including:

- At least two professional reference checks for new employees.
- Police clearance checks (Australian Federal Police criminal record check, and any employee or Director who is a citizen of another country, or has lived in another country for 12 months or more in the past five years).
- Checking employees and Directors against DFAT's consolidated list and other national security lists prior to being employed and at least annually thereafter.
- All AHF personnel sign and adhere to AHF's Code of Conduct (which includes clauses on fraudulent conduct).
- In-country partners will undertake appropriate staff security clearances and screening procedures.

### **Induction and training**

All employees, volunteers and interns will be made aware of AHF Fraud and Anti-Corruption Policy and procedures, their obligations, and reporting procedures. Regular refresher training on fraud awareness is provided to key personnel, and recorded in the Due Diligence Tracker.

#### **5.1.4 Prevention Controls - Partners and projects**

AHF recognises that there are potential risks of fraud and corruption in the delivery of its programs. AHF assesses and manages these risks by validating personnel, projects and in-country delivery partners. Procedures for assessing and mitigating project and partner risks are included in the AHF *International Program Manual*.

AHF is committed to ensuring that fraud and corruption risk management mechanisms are embedded at every stage of the Program Management Cycle and in its programs and partnership development.

AHF's Fraud and Corruption Policy and wider safeguarding policies will be promoted and risk management undertaken throughout its work with project partners by:

- conducting due diligence assessments prior to partnering with an organisation and regularly during the partnership;
- as part of due diligence, checking organisation's Board members, senior employees (such as organisation management staff), key project staff, all AHF-funded staff, and volunteers working in executive or program management positions against the Asian Development Bank's Sanction List;

the World Bank Listing of Ineligible Firms and Individuals; the Australian National Security Listed Terrorist Organisations and DFAT's Consolidated List;

- developing project design and overall risk management framework for each project;
- appraising the project regularly;
- AHF's agreements with in-country program partners will clearly set out the requirements to protect funds from fraud and to not engage in anything that could be construed as bribery (including facilitation payments) or corruption;
- monitoring/evaluating project (including confirming receipt of services when delivered), partner and risks;
- Regular financial monitoring, periodic financial reviews, financial audits;
- developing partner capacity strengthening plans;

Project partners must have systems in place to prevent, detect and investigate fraud. AHF will seek to educate/ train partner employees and other stakeholders on how AHF manages fraud and corruption risk and ensure they understand how to report incidents or concerns.

AHF will seek feedback from communities on AHF and partner roles and employee behaviours, as well as complaints. AHF will strive to develop transparent and accessible complaints mechanisms and reporting processes together with partners and project participants.

## **5.2 INCIDENT REPORTING AND HANDLING**

### **5.2.1 Reporting - in Australia and Overseas**

All AHF personnel, including partner organisations, must immediately report any suspected, detected or actual instance of fraud, bribery or corruption.

AHF personnel have an obligation to promptly report a breach of this policy, not to investigate it.

A report of concerns about fraud or corruption should be addressed to the AHF CEO at first instance. If the CEO is implicated in any suspected financial wrongdoing or other malfeasance, then the matter should be reported directly to the AHF Chair. See *AHF Complaints and Whistleblowing Policy* (on AHF website) or the Contact details in Annex B of this policy.

AHF's preference is to receive reporting on fraud or corruption in writing or by email. If the report is made orally, AHF commits to recording the report in writing. All cases of fraud and corruption are handled in a confidential, prompt and professional manner.

Reports can be made anonymously - using AHF's Complaints form on AHF's website or by post. However anonymous reports that lack specific details will be reviewed, but may not be pursued further if insufficient supporting material is included.

Any person who reports fraudulent or corrupt behaviour, or a suspected fraud or corrupt behaviour, shall not be penalised for raising a concern of this nature. AHF upholds whistleblowing protection laws as per the Whistleblowing section of *AHF Complaints and Whistleblowing Policy*.

### **5.2.2 Incident Handling**

All suspected, detected or actual instances of fraud, bribery and corruption will be treated as a Serious Incident and follow reporting and investigation procedures as outlined in *AHF Complaints and Whistleblowing Policy (and annexes)*. AHF will:

- Promptly cause the matter to be investigated, and investigate the disclosure within a reasonable period of time. AHF (or its project partners, if relevant) will keep complainants informed about the process and outcome of the investigation.
- All complaints of fraud will be recorded by AHF CEO (or Chair) on AHF Serious Incident Form and follow AHF Serious Incident Procedures.
- AHF will make every reasonable effort to investigate all relevant circumstances and information relevant to the complaint. Investigative assistance may be sought from internal or external experts as required. The AHF Board will be kept informed about the progress of the investigation and its outcomes.
- At all times AHF and its project partners will take into account the safety and impact on the complainant before determining the outcome of the investigation.
- Seek the recovery of misappropriated funds or assets and the application of appropriate penalties wherever possible, as outlined in *AHF Serious Incident Reporting Procedures*.
- Ensure that all parties are treated fairly, with the principles of natural justice taken into account. All reports will be handled professionally, confidentially and efficiently.
- Project partners must undertake an investigation at their cost and provide a copy of the report to AHF within 30 days of the matter being first reported to AHF.
- Possible outcomes to a report of fraud or corruption are detailed in the *AHF Serious Incident Reporting Procedures*. These include taking no further action, formal warnings, staff dismissal, and seeking prosecution of offenders wherever possible and appropriate, by reporting to the relevant authorities.

- Where the project partner cannot account for the proper use of funds, AHF reserves the right to terminate the Project Agreement and require repayment of any AHF funds misused. Legal action may be pursued.

### **5.3 AHF OBLIGATIONS TO THE AUSTRALIAN GOVERNMENT**

As part of AHF's comprehensive risk management procedures for all partners and projects, all ANCP-funded projects will have a project-specific fraud risk assessment and a fraud control strategy within one month of commencement of a funding arrangement with DFAT.

AHF is bound by the requirements regarding the reporting and action of suspected breaches of this policy as defined by DFAT protocols and the Head Agreement with AHF.

Where fraud or corruption is alleged, suspected or detected for any ANCP funded project, AHF will follow the Policy Guidelines above, and:

- Promptly investigate the matter (at AHF's expense if internal; or the partner's expense if relevant) in accordance with the principles set out in the Australian Government Investigation Standards (AGIS), including engaging a suitably qualified investigator to investigate the incident and following the laws of the jurisdiction in which the fraud incident occurred. AHF will report any suspected or real incidents of fraud or corruption to DFAT within five (5) business days using the "Fraud Referral Form", and update DFAT with a monthly progress report.
- Report fraud to an appropriate law enforcement agency. Before doing this AHF will take into account the safety and impact on the complainant before determining this action.
- Findings from non-compliance or fraud will be shared within AHF for education and learning purposes.

As an agency supported under ANCP, AHF is committed to reviewing and updating the fraud risk assessment and fraud control strategy for every DFAT funded project at least every six months, and immediately following any fraud events.

### **5.4 RECORD KEEPING**

AHF will keep records of all instances of fraud, corruption and bribery to help mitigate future risks.

## **6. ROLES AND RESPONSIBILITIES**



- All AHF Board members, staff, volunteers, project partners and consultants have responsibilities and obligations to comply with this policy and follow the fraud reporting procedures in all cases.
- The CEO is charged with disseminating this Policy and related procedures to Board members, staff, volunteers and consultants.
- It is the responsibility of the CEO to ensure that all staff are adequately trained in understanding, identifying and (where possible) mitigating fraud and corruption at an operational level.
- AHF's Head of Programs and Programs Manager are responsible for managing AHF's partners and programs so that fraud and corruption risks might reasonably be prevented, mitigated and detected, and that partners commit to abiding by the guidelines in this policy.
- AHF's CEO, Finance Officer and Head of Programs will regularly monitor activities and expenditure to guard against fraud and corruption.

## **7. REVIEW OF POLICY**

AHF's Fraud and Anti-Corruption Policy will be formally reviewed at least every two years to assess its effectiveness and ensure it meets current standards, legislation and obligations.

## ANNEX A

### DEFINITIONS OF KEY TERMINOLOGY USED IN THIS DOCUMENT

**Fraud:** ‘Dishonestly obtaining a benefit, or causing a loss, by deception or other means’ (Commonwealth Fraud Control Guidelines 2011 and DFAT Fraud Control Toolkit, February 2019). This definition extends beyond the legal definition of fraud to include benefits obtained that can be both tangible and intangible. It thus encompasses activities or behaviours broader than the misuse or misappropriation of monies or assets.

Examples of fraud risks relevant to AHF include:

- Misappropriation of funds
- Creating false and/or misleading documents
- Altering documents with intent to mislead or deceive
- Falsifying documents and signatures
- Misuse of AHF assets
- Providing false information to AHF
- Unauthorised disclosure of confidential information
- Theft of funds or assets
- Bias, cronyism or nepotism
- AHF project partners participating in bribery
- Conflicts of interest

**Bribery:** The offering, promising, giving, accepting or soliciting of money, gifts or other advantage as an inducement to do something that is illegal, where a payment is not legitimately due, where it is offered with the intention of influencing a person in the exercise of their duties, or where it is a breach of trust in the course of carrying out an organisation’s activities.

**Corruption:** The misuse of entrusted power for private gain.

Fraud and corruption may include the following practices (with associated definitions):

1. corrupt practice means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

2. fraudulent practice means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
3. coercive practice means the impairing or harming, or threatening to impair or harm, directly or indirectly, of any party or the property of the party to influence improperly the actions of a party;
4. collusive practice means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;
5. obstructive practice means both (A) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice and/or threatening, harassing, or intimidating any party to prevent it from disclosing knowledge of matters relevant to the investigation or from pursuing the investigation, and (B) acts intended to materially impede the exercise of inspection and audit rights.

## **ANNEX B: CONTACT DETAILS FOR REPORTING FRAUD**

AHF website complaints form:

<https://www.australianhimalayanfoundation.org.au/complaints-policy/>

AHF [complaints@ahf.org.au](mailto:complaints@ahf.org.au) (monitored by AHF CEO)

AHF CEO  
PO Box 553, Crows Nest  
NSW 1585, Australia  
02 9438 1822  
[info@ahf.org.au](mailto:info@ahf.org.au)

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CHAIR - SIMON BALDERSTONE  
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