

Policy title:	Fraud	Version 1.2	July 2014
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1. PURPOSE

This policy addresses fraud committed against IWDA or its partner organisations.

This policy intends to:

- outline the internal mechanisms for risk management in relation to prevention of fraud and for detecting fraudulent activity when it occurs;
- summarise the responsibilities of Personnel, from both IWDA and partner organisations, in identifying fraudulent activities;
- guide Personnel, from both IWDA and partner organisations, on the actions to be taken where they suspect any fraudulent activity;
- provide direction for initiating investigations into fraud related activities, including the protection of persons who report, witness, or are accused of fraud; and
- provide surety that IWDA and partner organisations will fulfil their obligations under the relevant Partnership Agreement, other donor agreements, ACFID Code of Conduct, Code of Ethics and Professional Conduct of the Fundraising Institute of Australia, Australian Government Investigations Standards, and the Commonwealth Fraud Control Guidelines.

2. SCOPE

This policy applies to staff, board members, volunteers, consultants, donors and subcontractors of IWDA and its partner organisations (Personnel).

Fraud is defined for the purposes of this policy, as any act or omission that intentionally misleads, or attempts to mislead a party by dishonestly obtaining a benefit or causing a loss, by deception or other means. Actions constituting fraudulent behaviour may include, but are not limited to:

- misappropriation of funds;
- theft of funds or any property;
- removal, misuse or destruction of assets;
- the offering or taking of inducements, gifts or favours which may influence the action of any persons;
- false accounting – dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose; or furnishing information which may be misleading, false or deceptive;
- unauthorised disclosure or manipulation of sensitive information linked to the theft of information, money or property;
- forgery or unauthorised alteration of any document;
- procuring goods and/or services from a family member or friend that inhibits fair and open competition;
- avoiding and/or creating an unauthorised liability;
- wrongfully using information or intellectual property; and/or
- not declaring a conflict of interest.

3. POLICY

IWDA promotes a culture of trust, honesty and integrity. IWDA policies reflect a commitment to the prevention of fraud through the promotion of an ethical and transparent environment where all Personnel actively participate in protecting the organisation's reputation and resources. IWDA also has a duty to protect any Personnel who report breaches of its fraud policy.

All Personnel shall:

- conduct themselves with integrity and demonstrate awareness of the importance of ethical practices;
- ensure that they are familiar with and comply with IWDA's Fraud Policy and ACFID's Code of Conduct;
- ensure they are familiar with, and comply with fraud prevention procedures in their areas of responsibility; and
- report any suspected fraudulent acts as outlined in this policy.

All Personnel also shall develop and maintain effective controls to prevent fraud. IWDA's prevention approach to risk management of fraud is articulated within the IWDA Risk Management Policy.

4. IMPLEMENTATION

The Chief Executive Officer is responsible for the administration, revision, interpretation, and application of this policy.

4.1. *Prevention and Training*

Fraud awareness raising and training underpins fraud prevention and detection.

IWDA will instruct all Personnel about fraud risks and their responsibilities for fraud control and ethical behaviour as part of the induction process. Targeted training on risk and control will be provided for new Personnel and refresher training for current Personnel to support compliance with this policy.

IWDA will also ensure that Personnel of partner organisations understand their responsibilities in relation to fraud prevention and management, and where practicable, will be supported in strengthening implementation practice.

IWDA senior managers have a responsibility to:

- set the example and lead in the promotion of risk management, internal controls and an anti-fraud culture within their team and throughout the organisation;
- ensure that documented procedures are widely communicated, user friendly and relevant and include IWDA's definitions of fraud;
- be aware of the areas that are high risk for fraudulent activities, drawing on the inherent risks within IWDA Partner Capacity Assessments, IWDA Partner Financial Monitoring, Program Partner Risk Assessments and the IWDA Risk Management Matrix; and
- understand local laws in regards to fraud in IWDA program countries.

4.2. *Risk management*

The Chief Executive Officer and Director of Finance, in consultation with Personnel, will assess the risk of fraud through the use of the IWDA Risk Assessment Matrix.

Six-monthly risk assessments by the IWDA Leadership Team will systematically identify the high risk areas, and apply appropriate strategies to reduce risk. These strategies may include internal controls, quality assurance procedures, program checks or data collated from IWDA MEL activities. IWDA Personnel will work

with partner organisations to identify risks in-country and provide assistance to address these risks if required.

In case of new engagement with partners, IWDA Personnel will conduct a risk assessment of the proposed partner organisation applying corporate governance principles of accountability, responsibility, transparency and fairness. Annual partnership assessments and financial monitoring are conducted to monitor and manage risks on a systematic basis.

4.3. Reporting and response

Fraud is a criminal offence and is subject to prosecution by local authorities. If fraud is detected it must be dealt with promptly.

The Chief Executive Officer is responsible for all fraud responses and any final decision regarding disciplinary action. The Chief Executive Officer must advise the Board as soon as practicable of any fraudulent activity.

All Personnel who detect or suspect fraudulent behaviour against IWDA or its partners must report the same to their manager or the Chief Executive Officer immediately. All reports must be made in good faith (that is, reasonably believing it to be true and without malice). IWDA will protect individuals who report in good faith from harassment, discrimination or adverse employment consequences.

IWDA will treat all such reports in a confidential and sensitive manner. IWDA do everything reasonably practicable to ensure that the identity of any person who has made disclosures is kept secret so long as it does not hinder or frustrate the investigation. In some circumstances however, the investigation process may reveal the source of the information and the individual making the disclosure may need to provide a statement (for example, where the investigation leads to charges being made in court, where the nature of the allegations is such that the identity of the person can be deduced from the information made available).

Where a suspected fraud relates to donor funds, contractual obligations with many donors (such as government aid funds) require IWDA to report this immediately. The Chief Executive Officer is responsible for such reporting.

All Personnel, from both IWDA and partner organisations, that *detect or suspect* fraudulent activity, should:

- Provide their manager with the details of the allegation of fraud immediately (who must then immediately bring the issue to the attention of the Chief Executive Officer) or request an interview with the Chief Executive Officer.
- Document the complaint. To the extent possible, this should include details such as:
 - description of alleged wrongdoing;
 - where and when these events occurred;
 - who is involved and who has knowledge about the matters being reported;
 - how the individual, organisation or company committed the alleged wrongdoing; and
 - additional information or evidence (for example, documents) for assessment should be included with the report (if available) and sent as soon as possible.

The documentation should not include speculation.

- Do not contact the suspected individual in an effort to determine facts or demand restitution; and
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Chief Executive Officer.

The Chief Executive Officer will investigate and respond to the matter, guided by the following (taking into account any applicable contracts, agreements or laws):

- assess the need for an internal investigation and if so, who should undertake it;

- identify protection requirements or issues in relation to the reporting person(s) or the alleged offender;
- consider and consult with the chairman regarding the matter and the need for legal advice;
- oversee the investigation;
- report to the donor as required by applicable contractual agreements and compliance requirements;
- if appropriate, refer the matter to police (once the Board has been advised);
- consider appropriate disciplinary action against the person being investigated after the matter has been investigated and the person has a chance to put forth a defence;
- initiate steps for recovery;
- provide prompt feedback to the reporting individual acknowledging that the concern was received and responded to;
- make any necessary changes to procedures, particularly delegations and risk management to halt further fraud or similar frauds from occurring in the future;
- keep appropriate records, in confidence, of fraud, investigations and outcomes including lessons learnt; and
- quantify any material financial implications in the annual accounts.

4.4. Breaches of this Policy

Breaches of this policy are likely to result in disciplinary action, up to and including dismissal, and/or closure of partnership agreements.

5. REVIEW AND AMENDMENT

This policy will be reviewed annually to ensure it remains compliant with law, relevant and effective.

This policy may be amended at the discretion of the board.

6. DEFINITIONS

Fraud – see section 2

Personnel – see section 2

7. REFERENCES/RELATED DOCUMENTS

ACFID Code of Conduct 2010¹

Australian Government Investigations Standards 2011²

Commonwealth Fraud Control Guidelines 2011³

Fundraising Institute of Australia Code of Ethics and Professional Conduct⁴

DFAT Head Agreement 2006

IWDA Code of Conduct

IWDA Corporate Credit Card Policy

IWDA Partnership Agreement and Funding Orders

IWDA Purchasing Policy

IWDA Risk Management Policy and Risk Assessment Matrix

IWDA Travel Policy

¹ <http://www.acfid.asn.au/code-of-conduct/files/code-of-conduct>

² <http://www.ag.gov.au/RightsAndProtections/FOI/Documents/AGIS%202011.pdf>

³ <http://www.ag.gov.au/Publications/Documents/CommonwealthFraudControlGuidelinesMay2002/Commonwealth%20Fraud%20Control%20Guidelines%20March%202011.pdf>

⁴ http://www.fia.org.au/data/documents/Resources/Principles__Standards/Code_of_Ethics_and_Professional_Conduct_Web01_June_11.pdf