

Anglican Board of Mission – Australia
Anglicans in Development Ltd

Policy ABM1001/AID1001

Fraud and Corruption

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1. INTRODUCTION AND CONTEXT

ABM and its wholly-owned subsidiary, AID Ltd, are not-for-profit companies limited by guarantee. ABM contributes to the financial support of churches and religious and other civil society organisations and individuals in Australia and overseas and works in advocacy and mission education. AID works in such areas as community development and emergency response overseas and in Australia. As such, both organisations seek and receive funding from individuals, deceased estates, and church organisations in Australia and overseas, and AID also seeks and receives funds from the Australian government. In any given year, ABM receives and disperses several million dollars, both within Australia and to partner organisations overseas.

Both organisations raise, hold in trust, and disperse these funds for the purposes for which the donors intended them to be spent. ABM and AID therefore have

obligations to do all they can to ensure that their funds are spent as intended. Protecting the funds from *Fraudulent* and corrupt use is part of these obligation.

ABM and AID believe that tackling *Corruption* is essential to ending extreme poverty in the world.

AID is fully accredited with the Australian Aid Program and the organisation is a member of the Australian Council for International Development (ACFID) and is a signatory to ACFID's code of conduct. AID is also a member of Transparency International, Australia.

Both organisations are guided in their policies and actions by their common stated values, including 'Wise use of resources' and 'Integrity and transparency in all that we do'.

2. PURPOSE

The purpose of this policy is to outline ABM and AID's understanding of and approach to suspicions or allegations of *Fraud* and *Corruption*, both among *ABM and AID Personnel*, and among organisations with whom they have funding arrangements.

3. GUIDING PRINCIPLES

- a. ABM and AID have a zero-tolerance policy to all instances of *Fraud* and *Corruption* within their organisations and among the partner organisations with whom they have funding arrangements.
- b. ABM and AID are committed to the continuous improvement of their own financial systems including internal controls.
- c. ABM and AID are committed to working with their funded partner organisations to help them improve their understanding of the prevention, detection and reporting of fraud and corruption, and to improve their financial systems including internal controls to avoid fraud and corruption.

4. SCOPE

ABM and AID's *Fraud* and *Corruption* Policy covers all instances of *Fraud* and *Corruption*, suspected or alleged, both within the two organisations and within all organisations with whom ABM and AID have funding arrangements.

5. DEFINITIONS

ABM funds

All funds which ABM raises from all sources.

AID funds

All funds which AID raises outside of its contracts with the Australian Aid Program.

Abuse or misuse of power.

Where a person misuses their position for gain or advantage

Australian Aid Program

The Australian Aid Program is the part of the Department of Foreign Affairs and Trade (DFAT) of the Australian government responsible for managing Australia's Overseas Aid program.

Australian Aid Program Funds

Funds which ABM is contracted by the Australian Aid Program to expend on community development, humanitarian assistance or development awareness raising.

Bribery Where a person, organisation or institution improperly provides goods or services against some form of improper remuneration. This involves (at least) two parties. Other terms used include *Sharing of profits*, *kick backs*, *cuts*, *discounts for personal benefits*. See also *Facilitation payments*.

Collusion

Where at least one person colludes with another person to commit *Fraud* or a corrupt act.

Conflict of Interest.

Referring to a situation in which a person or organization is involved in multiple interests, financial *interest*, or otherwise, one of which could possibly influence or corrupt the motivation of the individual or organization.

Corruption

The “offering, giving, soliciting or acceptance of an inducement or a reward which may improperly influence the action of any person”¹. More generally it may be said to be “the misuse of power for gain or advantage”.

¹ Action by Churches Together (ACT) Alliance Anti-Fraud and Corruption Policy, April 2009, p.2, http://178.62.114.239/wp-content/uploads/2015/07/Policy_Anti-Fraud-and-Corruption.pdf, accessed 24 September, 2015.

The definitions above equally apply to all malpractice and unethical behaviour, including the list below²:

DFAT

Department of Foreign Affairs and Trade.

Embezzlement.

Theft of organisation's resources for own use. It may involve only one person or more.

Extortion.

The act of obtaining something by force, threats or undue demands.

Facilitation payments.

A small bribe made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement. *See also Bribery.*

Favouritism.

The unfair favouring of one person or a group with something at the expense of others.

Fraud

Fraud is defined as "Dishonestly obtaining a benefit by deception or other means" (*Commonwealth Fraud Control Guidelines, 2011*).

Additional Note: The Australian Aid Program interprets this definition quite broadly, to include practices such as borrowing from government funds with the intention of repaying them and conflict of interest in a tendering or procurement process. The Australian Aid Program defines "benefit" as either tangible or intangible, and can include unauthorised personal use of an Australian Aid-funded vehicle or other asset, improper access to or dissemination of data, as well as more tangible benefits such as theft of assets or misappropriated funds.

Immediately

Within 24 hours

Misuse and misappropriation of funds

Where funds designated for one thing are used, without permission, for another purpose.

² Ibid.

Nepotism

Favouritism shown to family and friends in conferring offices or privileges.

Obstruction of justice.

Attempting to prevent a fraudulent or corrupt act from being investigated.

Partner organisations

This term refers to those organisations, both within Australia and overseas, to whom ABM transfers funds.

The Organisations

The phrase, “the organisations” refers to ABM and AID.

6. RISK MANAGEMENT

6.1 Within the Organisations

ABM and AID have in place, and will maintain and review regularly a range of processes and tools, applicable to *ABM and AID Personnel*, to ensure they adequately manages its risks in relation to *Fraud* and *Corruption*. These include, but are not limited, to the following:

- Integrity/National Police checks on all staff and certain volunteers (at commencement of employment/service and three-yearly thereafter)
- Performing terrorism-financing checks on staff, volunteers, board and suppliers
- Formal delegation of duties and authorities
- Boards’ and Committees’ reviewing operations
- Monthly, quarterly and annual financial reporting by staff to ABM and AID Boards and Committees
- Quarterly reporting of financial risk by staff to Board and Committees
- Codes of Conduct applying to all ABM and AID *Personnel*
- Declaration of Gifts Policy and Register
- Procurement Policy
- Transparency Policy
- Conflict of Interest Policy and procedures
- Value for Money Policy
- Complaints Policy
- Whistleblower Policy
- Misconduct clauses in ABM and AID Workplace Guidelines and ABM and AID Board Charters.

6.2 Funds transferred to contractors and partner organisations

All funds sent by ABM to its partners are covered by funding contracts, and, in some instances, by longer term partnership agreements. Funding contracts refer to project proposals, budgets, funding limits, requirements for project financial acquittals, and requirements for the partner to provide names of key personnel for counter-terrorism checking, and to comply with Australian and local laws, and with ABM's Fraud and Corruption policy, among other requirements.

AID has instigated a wide range of fraud risk management measures to assess, minimise and manage the fraud risk posed by sending funds to partners. These are detailed in Section 6 of the AID Programs Finance Manual.

For all of AID's partner organisations using *Australian Aid* funds, a *Fraud* risk assessment will be conducted within one month of the commencement of a project and appropriate fraud control strategies will be developed for that project³.

Normally the fraud control strategies will comprise those risk management measures outlined in Section 6.2.1 to 6.2.11 of this policy, unless additional actions are indicated. The fraud control strategy will be documented, normally within AID's Partner Financial Risk section (B1) of AID's Program Risk Register and Matrix, which is updated and reported quarterly by staff to AID Board and Committees. The *Fraud* Control Strategies will be regularly monitored and will inform other aspects of ABM's partner financial monitoring.

AID makes use of DFAT's Fraud Control Toolkit for Funding Recipients at <https://www.dfat.gov.au/about-us/publications/Pages/fraud-control-toolkit-for-funding-recipients> (accessed 28 April, 2022).

7. REQUIREMENTS FOR REPORTING FRAUD AND CORRUPTION

7.1 *Fraud* and *Corruption* within ABM and AID

Where, subject to provisions of ABM and AID's Whistleblower Policy, any *ABM* or *AID Personnel* suspects or is made aware of an allegation of *Fraud* or an act of *Corruption* in the organisation, they must report the suspicion or allegation to **ABM/AID's Executive Director** immediately (that is, within 24 hours of forming the suspicion or being made aware of the allegation). In the event that the suspicion or allegation relates to the Executive Director, the report must be made to the **Chair of the relevant Board**. Where the suspicion or allegation relates to the Chair, or both

³ See DFAT, 2019, 'Fraud Control Toolkit for Funding Recipients', version 1.3. Found at <https://dfat.gov.au/about-us/publications/Documents/fraud-control-toolkit-for-funding-recipients.pdf>. Accessed 18/10/19.

the Executive Director and the Chair, the Deputy Chair must report it to the President of ABM and AID – the Primate of the Anglican Church of Australia.

Acts of *Fraud* are regarded as serious misconduct. ABM and AID's Workplace Guidelines and the ABM and AID Board Charters have a provision for dismissal in a case of misconduct.

7.2 *Fraud or Corruption* within a partner organisation

Where one of ABM or AID's partner organisations suspects or is made aware of an allegation of *Fraud* or *Corruption* within its own organisation, in relation to funds which have been transferred to it by ABM or AID, ABM and AID require the partner organisation to report the suspicion or allegation to ABM or AID as relevant within 24 hours of forming the suspicion or being made aware of the allegation. This will normally be done initially to the ABM or AID staff member with responsibility for the program in which the suspected or alleged *Fraud* or act of *Corruption* has occurred. The ABM or AID staff member's responsibility to report the *Fraud* or act of *Corruption* is detailed at 7.3 and 7.4 below.

If any ABM or AID Personnel become aware of a suspected or alleged *Fraud* or act of *Corruption* in a partner organisation, they must report the matter via the procedures outlined in 7.3 and 7.4 below.

Where the case involves a suspected or alleged *Fraud* or act of *Corruption* in a partner organisation, ABM and AID require its partner organisations to keep ABM/AID updated on any developments in the case.

7.3 Reporting Fraudulent or corrupt use of Australian Aid Program funds

If the suspected or alleged *Fraud* or act of *Corruption* relates to Australian Aid Program funds, **within 24 hours** of the AID employee or volunteer being made aware of a suspicion or allegation of *Fraud* or *Corruption*, they must make a report to AID's Head of Programs and Chief Financial Officer. The Chief Financial Officer must report the suspicion or allegation to AID's Executive Director and the Chair of the Finance Committee within 24 hours of receiving a report of suspected or alleged *Fraud* or *Corruption*. In the event that the suspicion relates to the Executive Director, the report must be made to the **Chair, AID Board**. A report must be made to the Australian Aid Program within **five days** of an *AID Personnel* first becoming aware of the suspicion or allegation. The Australian Aid Program will indicate what information they require, and the frequency and nature of updates they require on the case. A full report on the *Fraud* or *Corruption* case must be made by the Chief Financial Officer at the next meeting of the Finance Committee. Updates on the *Fraud* or *Corruption* case must be made to subsequent meetings of the Finance Committee until the matter is fully resolved.

Where the case involves a suspected or alleged *Fraud* or act of *Corruption* in a partner organisation, AID requires its partner organisation to keep AID updated on any developments in the case.

Staff members are also referred to ABM/AID's quick guide, [Fraud Reporting Steps](#).

7.4 Reporting fraudulent or corrupt use of ABM or AID funds

If the suspected or alleged *Fraud* or act of *Corruption* relates to ABM or AID funds, a report must be made to AID's Head of Programs and Chief Financial Officer within 24 hours of an *ABM or AID Personnel* first becoming aware of the suspicion or allegation. The Chief Financial Officer must report the suspicion or allegation to ABM/AID's Executive Director and the Chair of the Finance Committee within 24 hours of receiving a report of suspected or alleged *Fraud* or *Corruption*. The Chair of the Finance Committee will decide what further action is to be taken in such cases. A full report on the *Fraud* or *Corruption* case must be made by the Chief Financial Officer at the next meeting of the Finance Committee. Updates on the *Fraud* or *Corruption* case must be made to subsequent meetings of the Finance Committee until the matter is fully resolved.

Where the case involves a suspected or alleged *Fraud* or act of *Corruption* in a partner organisation, ABM and AID require its partner organisation to keep ABM/AID updated on any developments in the case.

Staff members are also referred to ABM/AID's quick guide, [Fraud Reporting Steps](#).

8. ACTIONS IN CASES OF SUSPECTED OR ALLEGED *FRAUD* OR *CORRUPTION* IN PARTNER ORGANISATIONS

8.1 Actions to be taken against perpetrators of *Fraud* or *Corruption* (Australian Aid Program funds)

Where the case involves Australian Aid Program funds, AID will consult with the Australian Aid Program concerning the action to be taken, if any, against the suspected or alleged perpetrator of the *Fraud* or act of *Corruption*. The Department of Foreign Affairs and Trade (DFAT) requires that any investigations of fraud align with requirements of the Attorney General's Investigations Standards (AGIS). Information on what to do can be found at the Australian Government's Counter Fraud website at <https://www.counterfraud.gov.au/> (accessed 28 April, 2022).

ABM/AID's Finance Committee (either through its chair or during committee meetings) will be involved in discussions and decisions about actions to be taken. In addition to what DFAT may require, these actions may include suspending funding to the partner organisation until the matter is satisfactorily resolved, or permanently, and requiring the partner organisation to repay the funds to AID. Where a partner

organisation cannot or will not repay funds lost through fraud, DFAT may require AID to repay those funds itself, since it is AID which has the contractual obligation to DFAT.

8.2 Actions to be taken against perpetrators of *Fraud* or *Corruption* (ABM funds)

Where the case involves AID or ABM funds, the action to be taken, if any, against the suspected or alleged perpetrator of the *Fraud* or act of *Corruption* will be determined by ABM/AID's Finance Committee. Such action may include suspending funding to the partner organisation until the matter is satisfactorily resolved, or permanently, and requiring the partner organisation to repay the funds to AID or ABM.

Where the suspicion or allegation relates to the Chair of the ABM or AID Board, or both the Executive Director and the Chair, the Deputy Chair of the relevant board must consult with the President of ABM and AID – the Primate of the Anglican Church of Australia regarding actions to be taken.

8.3 In criminal cases

In all cases of suspected or alleged *Fraud* or *Corruption* where Australian law is deemed to be broken, ABM/AID's Executive Director will report the matter to the police. Where local laws are deemed to have been broken, ABM/AID's partner organisation will be expected to report the matter to the local police and to update ABM/AID on any developments.

9. ACTIONS IN CASES OF SUSPECTED OR ALLEGED *FRAUD* OR *CORRUPTION* WITHIN ABM OR AID

9.1 In non-criminal cases

Allegations or suspicions of *Fraud* by ABM or AID staff members will be dealt with according to ABM and AID's Workplace Guidelines (under '1.6 Counselling and Disciplinary Procedure').

9.2 In criminal cases

In all cases of suspected or alleged *Fraud* or *Corruption* where Australian law is deemed to be broken, ABM/AID's Executive Director will report the matter to the police. In the event that the suspicion or allegation relates to the Executive Director, the **Chair, ABM and AID Board** will report the matter to the police.

10. TRAINING AND LEARNING

ABM and AID will keep written records of all cases of fraud reported to them. Such records will be stored securely. Written records are kept not only in the interests of transparency, but is also to assist the organizations to learn and to review and improve existing practices.

ABM and AID will also ensure their Personnel (staff and board directors) are sensitized to this policy at the time of Induction, and at regular intervals thereafter.

Staff with particular responsibility for managing budgets will also be given training to ensure their knowledge of fraud control is kept current.

11. POLICY REVIEW

This policy will be reviewed by 2027.

Policy History	
Name of Policy	Date Adopted
Fraud Policy	March 2011
Fraud Policy	March 2014
Fraud and Corruption Policy	March 2016
Fraud and Corruption Policy	December 2019
Fraud and Corruption Policy	May 2022

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