

## **FRAUD AND CORRUPTION PREVENTION POLICY**

### **1. PURPOSE**

As an organisation, Saffron Aid, on a global level, condemns and fights corruption as one of the key drivers of poverty, environmental degradation and bad governance. Saffron Aid does not tolerate fraud and corruption and is committed to the management of the risk of fraud and corruption in its activities.

### **2. POLICY**

- 2.1. Saffron Aid requires Board members, employees, partners, volunteers and interns to comply with its zero-tolerance principle by at all times complying with all policies and procedures adopted to prevent fraud and corruption in the organisation.
- 2.2. Where there is evidence or the possibility of fraudulent or corrupt activities, Saffron Aid will deal with them in a firm and controlled manner.
- 2.3. Saffron Aid seeks at all times to deal with its Board members, employees, volunteers, interns, partners, supporters and suppliers with honesty and integrity. Saffron Aid expects these individuals to treat it, and each other, the same way.
- 2.4. Behaviour that does not meet the required standards is not acceptable. Where such behaviour is suspected it will be investigated and, where proven, legal and /or disciplinary action will be taken.
- 2.5. All Saffron Aid staff members are required to ensure that appropriate measures are in place to prevent, deter, detect and communicate potential fraud and corruption.
- 2.6. Proven fraudulent or corrupt activity by an employee will be treated as gross misconduct and appropriate disciplinary action will be taken, up to and including termination of employment. Whether an employee or a person external to Saffron Aid commits the fraud, Saffron Aid may also initiate civil action to recover losses.

### **3. SOURCES OF AUTHORITY**

#### **3.1. Federal Legislation:**

- *Criminal Code Act 1995 – (Corruption, Section 70)*
- *Criminal Code Amendment (Theft, Fraud, Bribery and Related Offences) Act 2000*
- *Commonwealth Fraud Control Guidelines 2011*
- *Commonwealth Fraud Control Framework 2017*
- *Competition and Consumer Act 2010 (Australian Consumer Law)*
- *Corporations Act 2001 (if partnering with the private sector)*
- *Public Service Act 1999 (if partnering with government)*
- *Freedom of Information Act 1982*
- *Financial Management and Accountability Act 1997*

#### **3.2. State Legislation:**

##### **Australian Capital Territory**

- *Criminal Code (Theft, Fraud, Bribery and Related Offences) Amendment Bill 2003*

©

### **New South Wales**

- *Crimes Amendment (Fraud, Identity and Forgery Offences) Act 2009 No 99*
- *Crimes Act 1900 (Fraud, Part 4AA, Sect 192E)*
- *Independent Commission Against Corruption Act 1988*

### **Northern Territory**

- *NT Criminal Code Act 1983*

### **Queensland**

- *Criminal Code Act 1899 (Qld.)*

### **South Australia**

- *Criminal Law Consolidation Act 135 (SA)*

### **Tasmania**

- *Criminal Code Act 1924*

### **Victoria**

- *Crimes Act 1958 (Vic.)*

### **WA**

- *Criminal Code Act 1913*

### **3.3. Saffron Aid**

- *Saffron Aid Code of Ethical Conduct*
- *Whistleblower Policy*

### **3.4. DFAT**

- *DFAT Risk Management Framework*
- *DFAT Fraud Policy Statement*
- *Fraud & Anti-Corruption Guidance for DFAT Partners (June 2016)*

### **3.5. Australian Council for International Development**

- *ACFID Code of Conduct*
  - *Quality Principle 8 - commitment 2 (Resources and funds management & risk management).*

### **3.6. Other resources**

- *United Nations Convention against Corruption (UNCAC) - 2005*
- *Australian Government Fraud control training and fraud control competency standards*
- *Independent Commission Against Corruption, NSW*

## **4. OBJECTIVES**

- 4.1 To define fraudulent and corrupt activities and increase awareness, detection and prevention.

## 5. SCOPE

This policy applies to all Saffron Aid staff members at all Saffron Aid workplaces and Partner Offices, including Saffron Aid offices internationally, subsequent sub-contractors, grantees or representatives of Saffron Aid.

## 6. DEFINITIONS

### **What is Fraud & Corruption**

Activities such as deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. It involves the act of deceit against the organisation in order to obtain a personal or collective advantage, avoid an obligation or cause a loss.

Involves the act of dishonestly obtaining an advantage from a third party by abusing an entrusted power for private gain.

Is not restricted to monetary or material benefit and can also include intangible benefits such as status or information. Some examples include but is not limited to:

- Theft of assets
- Misappropriation of funds
- Misuse of the organisation's assets (e.g. using Saffron Aid vehicles privately without permission)
- Deception (e.g. misrepresentation of qualifications to obtain employment)
- Knowingly misrepresenting the financial status of an office, a project, an activity etc. (e.g. through false financial statements etc.)
- Theft from a partner, customer or supplier
- Theft or misuse of proprietary data
- Theft of Intellectual Property
- Providing favours or money to persons, judges or other government officials to pursue personal or Saffron Aid goals
- Providing contracts to third parties for the providers personal benefit

## 7. RESPONSIBILITIES

7.1. **Executive Management** is responsible for:

- Ensuring that the Fraud and Corruption Policy and associated policies are communicated to all managers, partners and staff and implemented in full.
- Providing Managers and staff with the necessary training to comply with their obligations.
- Ensuring Saffron Aid Board members, all Managers/Supervisors, staff and volunteers and interns comply with all relevant legislation and Saffron Aid

©

policies.

- Reporting detected or attempted fraud or corruption within Australian Government-funded Aid and Development Activities to DFAT within five (5) working days and keep DFAT informed of action.  
*A template of the 'What to Report Form' is located at: <http://dfat.gov.au/about-us/publications/Pages/fraud-what-to-report-form.aspx>*

#### 7.2. **People & Culture** are responsible for:

- Ensuring that Managers/Supervisors and staff members comply with all relevant legislation and Saffron Aid policies.
- Assisting Managers/Supervisors with the construction of appropriate training and development programs.
- Providing Executive Management, Managers/Supervisors and employees with support and assistance as required to ensure communication of, and compliance with, the Fraud and Corruption Policy and associated policies.
- Ensuring that disciplinary action is taken in accordance with Saffron Aid policies, relevant awards and workplace legislation.

#### 7.3. **People Managers** are responsible for:

- Assessing all types of fraud and corruption risk involved in the operations for which they are responsible.
- Ensuring that an adequate system of internal control exists within their areas of responsibility and that these controls contain appropriate fraud prevention, detection, investigation and reporting processes and procedures consistent with the *Commonwealth Fraud Control Framework 2014* and the *Fraud & Anti-Corruption Guidance for DFAT Partners (2016)*
- Ensuring that all staff reporting to them fully understand the internal control system in place and that they adhere to these control procedures at all times.
- Regularly reviewing the control systems to ensure compliance and to satisfy themselves that the systems continue to operate effectively.
- Being alert to the possibility that unusual events or transactions could be symptoms of fraud or corruption and ensure that controls are in place and be alert to any 'red flags' that come to their attention. Examples of red flags includes but is not limited to:
  - Unusual or inadequately documented payments
  - Purchases which have not passed through the normal procedure for obtaining quotes/estimates
  - Excessive rates of remuneration paid to consultants
  - Regular use of the same consultants (e.g. due to family/other connections)
  - Use of government officials as consultants or the provision of travel grants to government officials
  - Excessive fuel usage of Saffron Aid vehicles
  - Sale of assets to third parties which do not follow established procedures.
  - Irregularities in the logging of annual, personal or other leave or RDOs resulting in potential "double dipping".
- Provide People and Culture (P&C) with all information that relates to Fraud and Corruption and associated policies and procedures.

- Seeking early support and assistance from People and Culture.
  - Referring all matters that may result in disciplinary action and termination of employment to the P&C director well before taking action themselves.
- 7.4. **All employees, volunteers and interns** are responsible for:
- Working strictly in accordance with Saffron Aid policies (including this one) Code of Ethical Conduct and I-Kode Values.
  - Ensure that Saffron Aid's assets and funds are safeguarded.
  - Immediately report if they suspect a fraud has been committed and/or alert their manager when they believe the opportunity for fraud or corruption exists because of weak procedures or the lack of effective oversight.
  - Assist in any investigation by making available all relevant information and by cooperating in investigations (e.g. interviews, provision of documentation etc.).
  - Read and sign this policy on an annual basis stating that s/he has read and understands and commits to it. In addition, completes a "Conflict of Interest Disclosure form" on an annual basis.

## 8. PROCEDURES

- 8.1. **Prevention.** Saffron Aid Board members and employees are responsible for establishing, maintaining and enforcing sound systems of internal control. These include but are not limited to policies and procedures, management and use of consultants and other third parties, ensuring adequate segregation of duties where required, standard contract conditions protecting the use of the Saffron Aid logo etc., employment contracts, contractor contracts, MOUs.
- 8.1.1. Saffron Aid will refrain from entering into partnerships or commercial agreements with individuals or entities listed in the *World Bank Listing of Ineligible Firms and Individuals* and the Asian Development Bank's *Sanctions List* of parties found to have engaged in fraudulent, corrupt, coercive, collusive, obstructive practices, or other integrity violations.
- 8.2. **Personal Conduct.** Saffron Aid Board members, employees, volunteers and interns must adhere to Saffron Aid-Australia's I-KODE Values and Code of Ethical Conduct and have, and be seen to have, high standards of personal integrity. They shall not accept gifts, hospitality or benefits of any kind from a third party that might be seen to compromise their integrity or to be benefiting the person offering the service or the recipient personally and/or at the cost of Saffron Aid's reputation. Small gifts with no material value may be received or offered in appropriate situations provide there is no appearance of corruption or conflict of interest.
- 8.3. Under no circumstances shall any payments or anything of value be made, promised or offered to any government employee in contravention of applicable laws in the relevant country. No assistance, payments or anything of value (monetary or non-monetary) shall be made, promised, offered to, or accepted from any government employee or official to:
- 8.3.1. Influence any government act or decision
  - 8.3.2. Induce any government employee or official to do or omit to do any act in violation of her/his lawful duty
  - 8.3.3. Obtain or retain business for, or direct business to any individual or entity.

- 8.4. All Saffron Aid Board members, employees, volunteers and interns will work in accordance with the Saffron Aid Code of Ethical Conduct and Conflict of Interest Policy and disclose on an annual basis any and all potential conflicts of interest by signing the "Conflict of Interest Disclosure form".
- 8.5. Staff members proven to have engaged in fraudulent or corrupt activity will be subject to disciplinary action up to and including termination of employment.
- 8.6. This Policy will be included in all contracts and memoranda of understanding with Partner Organisations.
- 8.7. No later than November of each financial year, Saffron Aid will organise an induction/workshop – which may be held either face-to-face or by Skype or phone conference – at which this Policy, its importance and consequences of non-compliance, will be presented to the Partner Organisation's executive and relevant staff, volunteers and contractors.
- 8.8. All Aid and Development Activities funded by or through Saffron Aid and Partner Organisations and relevant staff, volunteers and contractors will be monitored to ensure they are not in breach of this Policy. Monitoring will be proportionate to the amount of funding, the risk of breach (as a result of the funded activities, organisation or skills and experience of board and staff) and will be recorded in the program/project file. Monitoring will include at least one country visit annually at which this Policy will be made the subject of special presentation.
- 8.9. Applying this Policy may be difficult in some situations and sound judgement will be necessary. The Policy cannot provide a specific response for every circumstance. Saffron Aid will apply the spirit and intent of this clause in the conduct of Aid and Development Activities.
- 8.10. If this Policy does not provide a clear answer on how to comply in a particular circumstance, Saffron Aid will document clearly the decisions made and the reasons behind them and make them available to both recipients and donors.
- 8.11. Feedback is important to Saffron Aid and our Partner Organisations as it encourages improvement. Therefore, all feedback is welcomed. Feedback will be directed to the relevant Department of Saffron Aid for action. A complainant regarding an alleged breach of ACFID Code of Conduct can be made directly to ACFID (<https://acfid.asn.au/content/complaints>).

## **9. CONFIDENTIALITY AND DOCUMENT CONTROL**

- 9.1. This policy is available on Wiki Habitat for all employees.

## 10. APPROVAL

**Signed:**

**Name: Richard McMillan**

**Title: Chairperson**

**Date of Issue: 15 August 2019**