



**Pacific Assist**

Inspiring Self-reliance

# **Fraud and Corruption Prevention Policy 2020**

**Version Number: 2**

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## Policy Statement

In line with our four core principles of self-reliance, Pacific Assist is committed to personal responsibility, integrity, respect for the law, and contributing to the common good. We have zero tolerance for fraud, money laundering, and the support of terrorist organisations. As such, the organisation is committed to being open, honest, ethical, and transparent in all our financial management endeavours. In line with this commitment, we implement appropriate financial policies, procedures, and controls to safeguard assets, ensure accurate and reliable financial reporting, promote compliance with laws and regulations, and achieve the effective, efficient, and ethical use of resources. In relation to financial management responsibilities and actions, we expect all Pacific Assist representatives to exercise personal responsibility and integrity, to place the interests of the organisation over their own interests or those of any other person or persons, and to act in compliance with Australian law, and the laws of nations where we pursue our charitable purposes. Appropriate disciplinary action will be taken against any Pacific Assist representative who acts dishonestly and/or breaches this policy. Any illegal behaviour will be reported to the appropriate authorities.

This policy should be read in conjunction with Pacific Assist's Conflict of Interest and Financial Management Policies.

## Purpose

The purpose of this policy is to outline policies and procedure for:

- Protecting Pacific Assist from terrorism financing, financial crime, dishonest behaviour, and the inappropriate use of public funds
- Detecting the risk of terrorism financing, financial crime, dishonest behaviour, and the inappropriate use of public funds within Pacific Assist
- Reporting and responding to allegations of terrorism financing, financial crime, dishonest behaviour, and the inappropriate use of public funds

## Scope

This policy applies to the organisation as a whole and to all Pacific Assist projects and is to be adhered to by all personnel, volunteers, partners, and service providers as it relates to their involvement with Pacific Assist and its projects.

## Definitions

**Fraud:** a form of dishonesty – act/s of dishonest intent to receive a profit or gain some unfair or dishonest advantage at the expense of another. Fraud can include:

- Theft
- Misappropriation or misuse of funds, supplies, or assets
- Making false representations
- Abuse of position
- Improper use of information, including unauthorised and/or inappropriate sharing, or failing to disclose
- Forgery (falsification or destruction of documents)

**Corruption:** a type of fraud involving the misuse of entrusted power for private gain, including:

- Improper use of knowledge, power or position for personal gain or the advantage of others
- Conduct that perverts, or seeks to pervert, the course of justice
- Acting unfairly or showing bias
- Breaching public trust
- Influencing another individual to use their position in a way that is dishonest, biased or breaches public trust
- Bribery (the promise or delivery of a benefit in order to influence the receiver's behaviour)

**Maladministration:** Is conduct that involves action or inaction of a serious nature that is contrary to the law, unreasonable, unjust, oppressive or improperly discriminatory or based wholly or partly on improper motives.

**Money laundering:** Is the illegal process of concealing the origins of money obtained illegally, and making it appear to have come from a legitimate source (Wikipedia. *Money laundering* [n.d.]. Retrieved from: [https://en.wikipedia.org/wiki/Money\\_laundering](https://en.wikipedia.org/wiki/Money_laundering) ; and, Investopedia. *Money Laundering* [July 7 2020]. Retrieved from: <https://www.investopedia.com/terms/m/moneylaundering.asp> )

**Terrorism Financing:** Intentionally providing or collecting funds and being reckless as to whether those funds would be used to facilitate or engage in a terrorist act (ACFID. Part 2:

Good Practice, Guidelines and Tips. *Section F: Definitions* [no date]. Retrieved from:  
<https://acfid.asn.au/financial-wrongdoing-policy/part-2-good-practice-guidelines-and-tips>

**Serious and substantial waste of public money:** Involves the uneconomical, inefficient or ineffective use of resources which results in loss / wastage of public funds / resources

## Hierarchy of Financial Management Leadership & Responsibility

### Board of Directors

As part of their governance obligations, the board of directors has the ultimate responsibility for the financial leadership and management of Pacific Assist. The board must make sure that the charity has the finances or other resources to do its work, and ensure that these resources are protected from abuse and used appropriately. They must have a clear understanding of how money is raised, including Pacific Assist's own fundraising operations and fundraising undertaken by external fundraisers. Further, they must ensure there are appropriate and lawful processes in place to manage any money raised, safeguard assets, ensure accurate and reliable financial reporting, promote compliance with laws and regulations, and achieve the effective, efficient, and ethical use of resources. Board members also have a duty to disclose conflicts of interest (see the Conflict of Interests section of Pacific Assist's Governance Policy). The board delegates some aspects of this responsibility to the projects manager.

### Projects Manager

Under the direction of the board of directors, the projects manager:

- Develops organisational and project financial management policies and procedures, to be approved by the board
- Implements organisational and project financial management policies and procedures
- Trains and oversees project coordinators in their financial management roles and responsibilities
- Conducts periodic reviews of financial management policies and procedures and reports findings to the board of directors

## Project Coordinators

Under the direction of the projects manager, project coordinators:

- Develop project financial policies and procedures to be approved by the board
- Implement project financial management policies and procedures
- Conduct periodic reviews of project financial management policies and procedures and reports findings to the projects manager

## Policy

Pacific Assist has zero tolerance for terrorism financing, financial crime, dishonest behaviour, and/or the inappropriate use of public funds. Pacific Assist representatives are prohibited from engaging in any form of terrorism financing, fraud, corrupt conduct, maladministration, money laundering or serious and substantial waste of public money.

Appropriate disciplinary action will be taken against any Pacific Assist representative who acts dishonestly and/or breaches this policy. Disciplinary action may include:

- Termination of employment or engagement
- Termination of MOU's
- Termination of funding agreements
- Reporting illegal behaviour to the appropriate authorities
- Seeking repayment or compensation
- Other forms of restrictions or redress as is deemed appropriate

All Pacific Assist representatives are to follow the financial management policies, procedures, and controls outlined in this policy and in Pacific Assist's Conflict of Interest and Financial Management Policy. In addition, it is expected that all Pacific Assist Representatives report suspected or detected occurrences of terrorism financing, fraud, corrupt conduct, maladministration, money laundering, and/or serious and substantial waste of public money as soon as it is suspected or detected. Reports should be made to the project coordinator, the projects manager, or the chair of the board of directors using the complaints handling procedures outlined in Pacific Assist's Complaints Handling Policy.

## Procedures

Pacific Assist directors, projects manager, and project coordinators:

- Promote a culture of honest and ethical behaviour by:
  - Always acting honestly, with integrity, and ethically

- Listing fraud and corruption prevention as a regular item on the planning and development meeting agenda
  - Providing all personnel, volunteers, partners and service providers with training about Pacific Assist's vision, mission, four core principles of self-reliance, the workplace code of conduct, and financial management policies and procedures, including this fraud and corruption prevention policy
  - Enabling the reporting of apparent breaches to policies and procedures and protecting those who report concerns
  - Promote the use of Pacific Assist's complaint handling procedures for reporting allegations of fraud and corruption
  - Establishing a whistleblower policy
  - Publishing this policy on the Pacific Assist website
- Ensure they are well informed about Pacific Assist's financial position and undertakings by:
    - Holding the meetings outlined in the meetings section of Pacific Assist's Governance Policy
    - Carefully reviewing all financial reports tabled in the various meetings nominated for that purpose
    - Carefully reviewing and subjecting to mandated criteria all requests for approvals relating to financial management
- Protect against and detect fraud and corruption by:
    - Conducting financial management risk assessment and implementing plans for identified risks
    - Ensure Pacific Assist's financial management policies, procedures, and controls are appropriate and effective by meeting their obligation to be familiar with and review them regularly
    - Regularly checking Pacific Assist's accounts and records and be alert for the following warning signs:
      - Are reconciliations completed on a regular basis and checked for discrepancies
      - Have any documents, books or records gone missing
      - Are financial documents photocopies rather than originals? This can indicate counterfeit documents

- Do alterations or deletions frequently appear on documents? This can indicate falsified records
  - Are there any duplicated payments or cheques
  - Do transactions take place at unusual times with irregular frequency
  - Do they involve unusual amounts or unknown recipients
  - Are suppliers submitting electronic invoices in a format that can be altered
  - Are there unexplained variances from agreed budgets or forecasts
  - Have audits or reviews highlighted any inconsistencies or irregularities
- Using a clear job description and sufficiently detailed application form, and reference checking procedures when recruiting
- Ensuring no one person has sole control of a financial process from start to finish
- Always having at least two Pacific Assist representatives present and responsible for receiving cash receipts and confirming the amounts received
- Always requiring authorisation and accountability for financial transactions
- Reporting fraud and corruption:
  - Use the Complaints Handling Reports - Template to report fraud and corruption (review the Complaints Handling Policy as part of completing the record)
  - To report fraud and corruption, complainants can:
    - Speak directly to their project coordinator
    - Send an email to the project coordinator, projects manager, or [info@pacificassist.org](mailto:info@pacificassist.org) (received by the projects manager)
    - Complaints about the projects manager should be sent directly to the Chair (email and mobile are available on the Pacific Assist website under About Us: Our Team)
    - Navigate to the Feedback/Make a Complaint page on the Pacific Assist web page [www.pacificassist.org](http://www.pacificassist.org) (see About: Feedback/Make a Complaint)
    - Phone us on +61 427 681 232 (AUS)
    - Mail a letter addressed to the projects manager, women and children's advocate, or the chair of the board to Level 4/420 Collins Street, Melbourne 3000 Victoria Australia
    - Visit our office and make a face-to-face complaint

- Anonymous complaints can be made by mail or by completing the “Email A Complaint” form on the website (leave the name, phone contact, and email address sections blank)
  - Provide feedback through monitoring and evaluation processes
- Complaints can also be made via the following Pacific Assist management meetings:
  - Project committee meetings
  - Pacific Assist planning and development meetings
  - Quarterly board of directors meetings
- If any person believes that Pacific Assist has breached the ACFID Code of Conduct a complaint can be lodged directly on the ACFID website to the Code of Conduct Committee at [www.acfid.asn.au](http://www.acfid.asn.au)
- Project coordinators report to the projects manager
- The projects manager and directors report to the chair of the board
- The projects manager makes formal reports to the relevant agencies listed below. In the case of fraud and corruption allegations against the projects manager, the chair of the board makes these reports
- Immediately report fraud and corruption to:
  - Police (if behaviour is illegal and it is suspected that a crime has been committed)
  - The bank (if the fraud relates to Pacific Assist's bank account and/or debit or credit card)
  - Consumer regulators (for scams or misrepresentation)
  - The ANC (the ACNC Act requires charities to report breaches of the Act as soon as practicable, and no later than 28 days after the charity has knowledge of the breach. However, **instances of high value fraud or theft, or instances when there is media or public interest, must be reported immediately**)
- The projects manager must compile a written report of all allegations of fraud and corruption and table reports in the planning and development meeting within 30 days of the allegation being made



## Induction and Training

As part of their induction, and at least semi-annually, project coordinators, the projects manager, and directors receive training on the risks of financial wrongdoing, the policies and procedures in place to manage the risks, and the appropriate reporting procedures that should be followed when a breach of the Financial Management Policy occurs. As part of this training, the following policies are reviewed:

- Fraud and Corruption Prevention Policy
- Whistleblowing Policy
- Financial Management Policy
- Complaints Handling Policy
- Complaints Handling Reports Template

In accordance with partnership agreements outlined in MOUs, statements of engagement, and policies and procedures outlined in both, training is also provided for partners/service providers to ensure their awareness of the risks associated with fraud and corruption, as well as local legal and regulatory obligations.