

FRAUD PREVENTION AND RISK MANAGEMENT POLICY

First Adopted April 2020 (ratified June 2020)

Next Review: 2023

1. Introduction

- 1.1 As a registered charity, Every Home Global Concern (EHGC) must ensure that its funds are used for its charitable purpose. Fraud can mean that charitable funds are directed away from the purpose of EHGC and result in significant reputational risk.
- 1.2 Fraud involves an act of dishonesty where a person secures an unauthorised benefit. Examples of fraud include, but are not limited to:
 - individuals making “purchases” with charity monies with falsified invoices;
 - putting individuals on the payroll who are not providing services to the charity; or
 - a casual employee recording hours in excess of those actually worked on their timesheet.
- 1.3 EHGC wants to promote consistent organisational behaviour by providing guidelines and assigning responsibilities for the development of fraud risk management controls and conduct of investigations.

2. Purpose

- 2.1 The purpose of this policy is to:
 - (a) ensure that all employees and volunteers are aware of their responsibilities regarding the identification and prevention of fraudulent activity;
 - (b) ensure that all employees and volunteers understand who to report to in the event that they suspect fraudulent activity; and
 - (c) provide a step-by-step guide to respond to an allegation regarding fraudulent activity.

3. Scope

This policy applies to all staff, volunteers and Board members of EHGC.

4. Regulatory context

- 4.1 Board members are required to take reasonable steps to protect EHGC's assets and ensure funds are being used for EHGC's charitable purpose. The External Conduct Standards also expressly require EHGC to take reasonable steps to minimise the risk of financial impropriety including fraud.
- 4.2 This Policy has been developed with regard to the ACNC Governance Standards and External Conduct Standards, the ACNC Guidance Protect Your Charity from Fraud and Board members' statutory and common law obligations.

5. Responsibilities

- 5.1 It is the responsibility of the Board to ensure that:
 - (a) fraud is prevented and detected within EHGC;
 - (b) EHGC assesses and take steps to mitigate or remove risks;
 - (c) appropriate and effective internal control systems are in place; and
 - (d) any breaches of this policy that come to the attention of the Board are dealt with appropriately.
- 5.2 It is the responsibility of the Executive Director (ED) to ensure that:
 - (a) this policy is implemented and compliance is monitored;
 - (b) Senior staff are aware of and understand the policy;
 - (c) instances of fraud reported to the ED are dealt with and investigated in accordance with this policy.
- 5.3 It is the responsibility of ED and senior staff to ensure that they:
 - (a) assess the risk of fraud within their area of control;
 - (b) educate staff/volunteers/contractors about fraud prevention and detection; and
 - (c) facilitate the reporting of suspected fraudulent activities.

6. Policy

- 6.1 EHGC will not tolerate fraud in any aspect of its operations.

- 6.2 EHGC will:
- (a) assess fraud-related risks and take mitigating steps;
 - (b) educate board members, staff and volunteers on fraud prevention and detection;
 - (c) have mechanisms for reporting of suspected fraudulent activity; and
 - (d) respond to suspected fraudulent activity.

7. Fraud Risk Assessment

- 7.1 The Board must carry out an annual fraud risk assessment (**Annual Risk Assessment**) using an appropriate tool such as the “*Financial Abuse – Risk Assessment template document*” provided by the Australian Charities and Not-for-profits Commission (**ACNC**).
- 7.2 The completed risk assessment may be conducted through a sub-committee, but must be reviewed by the full Board and tabled at a Board meeting for discussion.
- 7.3 The Board will:
- (a) assess and prioritise risks identified; and
 - (b) approve any additional or amended controls to remove or lessen fraud-related risks.
- 7.4 The ED must implement approved controls.

8. Education

- 8.1 The ED will ensure that induction processes for employees, volunteers and Board members include training and education on this policy, fraud prevention, reporting and detection.

9. Reporting procedure

- 9.1 Reporting of fraud may be done in line with the Whistle-blower policy.
- 9.2 All staff/volunteers/contractors/board members have the responsibility to report suspected fraud.
- 9.3 Any staff member, volunteer or contractor who suspects fraudulent activity must immediately notify their supervisor or the ED about the concern.
- 9.4 In situations where the staff member, volunteer or contractor notifies their supervisor, the supervisor must then notify the ED (or the Chair of the Board in circumstances where the suspected fraud involves the supervisor or ED).
- 9.5 Any person reporting a fraud, or suspected fraud, shall not be penalised for raising a concern of this nature.

10. Responding to suspected fraudulent activity

- 10.1 Upon notification of an allegation pertaining to fraud, the ED (or Chair of the Board) will promptly arrange to carry out an initial review into the allegation.
- 10.2 After an initial review and a determination that the suspected fraud warrants additional investigation, the ED (or Chair of the Board) shall coordinate the investigation with the appropriate law enforcement officials or external investigator as deemed appropriate. Internal or external legal representatives will be involved in the process, as deemed appropriate.
- 10.3 Once a suspected fraud is reported, immediate action must be taken to prevent the theft, alteration or destruction of relevant records. Such actions include, but are not necessarily limited to, removing relevant records / information and placing them in a secure location, limiting access to the location where the records / information currently exists, and preventing the individual suspected of committing the fraud from having access to the records / information.
- 10.4 If an allegation of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal (or termination of an individual's right to work as a contractor or volunteer), shall be taken by the appropriate level of management.
- 10.5 EHGC will also pursue every reasonable effort, including Court ordered restitution, to obtain recovery of any losses from the offender.

11. Reporting fraud to authorities

- 11.1 The ED (or the Chair of the Board) must notify the police or relevant law enforcement authority of any suspected criminal activity.

12. Fraud connected to third party programs

- 12.1 EHGC pursues its charitable purposes in part through collaborating with a third party or third parties to deliver programs overseas.
- 12.2 EHGC is required by the ACNC External Conduct Standards (**ECS**) to minimise the risk of financial impropriety, including fraud, by third parties collaborating with EHGC outside of Australia.
- 12.3 As part of its ECS risk assessment, the Board must determine what level of oversight it requires in relation to fraud connected to third parties, with reference to matters including the:
 - (a) level of risk associated with the operations;
 - (b) relationship with the third party;
 - (c) fraud prevention and risk management controls within the third party; and
 - (d) consequences of fraud connected to overseas operations not being acted upon.

- 12.4 The ED on behalf of the Board must consider whether it is appropriate to:
- (a) impose fraud prevention and risk management obligations on third parties through a Memorandum of Understanding or other agreement;
 - (b) offer training to third parties on fraud prevention and risk management;
 - (c) require third parties to produce a fraud prevention and risk management policy or procedure (or provide one for them to adopt); and/or
 - (d) implement EHGC's own controls and monitoring systems to prevent and detect fraud in the third party's operations.

13. Compliance with this policy

- 13.1 If the ED or Board have reason to believe that this policy has not been complied with, they must investigate.
- 13.2 If it is found that a person has failed to comply with this policy, the Board or ED may take action against them, including disciplinary action up to and including dismissal (or termination of an individual's right to work as a contractor or volunteer).

14. Related policies

- 14.1 Financial Management Policy
- 14.2 Whistleblowing Policy
- 14.3 Policy on Internal Controls
- 14.4 Risk Management Policies and Procedures

15. Authorisation

(Signed)

Chairman of the Board
On behalf of Every Home Global Concern

Date: