Prevention of Fraud & Corruption Policy

1. INTRODUCTION

Hagar Australia is committed to the responsible stewardship of the resources entrusted to it. The organisation recognises that conditions, such as poverty, weak rule of law, displacement and the dissolution of community structures due to conflict, increase the vulnerability of Hagar and its partners to fraud and corruption. The paying of bribes also encourages corruption which, like fraudulent acts, can harm those Hagar Australia seeks to support by diverting goods, services and opportunities away from them, and preventing the organisation's objectives from being achieved.

Accordingly, Hagar Australia has a zero tolerance approach towards fraudulent and corrupt activity or behaviour, maintaining a high level of professional and ethical standards in the conduct of its work. It aims to carry out all aspects of organisational and program management with integrity, and in a transparent and accountable manner.

Hagar Australia takes any instance of corruption and/ or fraud extremely seriously. This policy prohibits actual or attempted corruption or involvement in fraudulent activities or behaviour, either directly or indirectly, on Hagar Australia's behalf. Hagar Australia is committed to preventing, detecting and responding to fraud and corruption in all aspects of its operations and programs.

2. PURPOSE

This policy is intended to:

- protect the interests of Hagar Australia personnel, supporters, partners, clients and other stakeholders
- provide guidance on the identification/ reporting, investigation and management of corruption and/ or fraudulent activity
- ensure all parties are aware of their responsibilities regarding the prevention of corruption and/ or fraudulent activity
- preserve the reputation and integrity of Hagar Australia, as well as that of all parties affiliated with it.

3. SCOPE

This policy applies to:

- Hagar Australia personnel (as defined)
- Contractors engaged by Hagar Australia,
- Hagar Australia-funded partners (as defined)

Hagar Australia management will take steps to ensure that all Hagar Australia personnel, contractors and partners are made aware of their obligations under this policy.

Approved by: Hagar Australia Board	**Date Policy Took Effect:** 2nd March, 2021
Review Date: 2nd March, 2024	**Responsible Person:** HAUS Board Secretary

4. PRINCIPLES

This policy is underpinned by four principles:

1) *Zero tolerance of inaction:* Hagar Australia will not tolerate fraud or corruption in any aspect of its operations. In this policy, Hagar Australia defines zero tolerance as acting on every allegation in a fair and reasonable way with due regard for procedural fairness.

2) *Strong leadership accelerates cultural change:* Hagar Australia's Board and management are committed to setting clear expectations and modelling appropriate behaviour. This includes human resource procedures that embed integrity and inclusion of financial risk discussions in Board meetings.

3) *Preventing fraud and corruption is a shared responsibility:* Hagar Australia recognises that all organisations, including those in partnership with Hagar Australia, have a collective responsibility to build capacity to deal sensitively and effectively with fraud and corruption wherever it occurs. Hagar Australia requires the commitment, support and investment of its partners for this policy to be effective.

4) *Stronger reporting will enhance accountability and transparency:* Hagar Australia sees preventing fraud and corruption as a key obligation of its work. Hagar Australia supports strengthened reporting mechanisms in order to better monitor fraud and corruption, understand risks, improve assurance, and work with organisations to improve systems and controls accordingly.

5. RISK AND RISK MANAGEMENT CONTROLS

Risk Assessment

Hagar Australia has a fraud control framework, including a Fraud Control Plan, which supports the organisation in maintaining a high standard of operational and programmatic service for its stakeholders, secures public money and property, and protects the integrity, security and reputation of Hagar Australia. This framework also ensures that fraud against Hagar Australia is prevented by proactively identifying fraud risk and developing, implementing, reviewing and updating fraud control measures every 6 months to ensure that risks and treatments are appropriate; managing our projects to ensure that activities are being carried out as intended, providing support to our partners, ensuring fraud losses incurred by Hagar Australia are minimised; and where fraud occurs, it is promptly detected, effectively investigated and, where necessary, sanctions applied.

Hagar Australia will assess the level of partner risk, taking into consideration Hagar International (HI) support, using the following guide:

Low Risk	Medium Risk	High Risk
Close project oversight: • HI Program Office (PO) exists and is in close proximity to partner/project location	Project oversight: • HI Program Office (PO) exists but not in close proximity to partner/project location	Limited project oversight: • No HI Program Office (PO) • Monitoring visit by Hagar Australia

• Monitoring visit by Hagar Australia within the last 12 months.	• Monitoring visit by Hagar Australia within the last 18 months.	within the last 24 months or longer.
The PO and partner organisations are implementing activities in a country/region where perception of corruption is low to relatively low.[1]	The PO and partner organisations are implementing activities in a country/region where perception of corruption is moderate.[2]	The PO and partner organisations are implementing activities in a country/region where perception of corruption is high.[3]
The PO and partner organisations have strong financial controls and financial mechanisms in place.	The PO and partner organisations have established financial controls in place with identified processes and systems, which need strengthening.	The PO and partner organisations have no or only recently established financial controls and mechanisms in place.

Project risk will also be assessed at the start of collaboration, classifying them into high, medium or low risk categories, based on the nature of projects and their context. Hagar Australia will support partners in conducting organisational, project and activity risk assessments before the start of projects, which will include identification, treatment and escalation of fraud and corruption risks; and regular reporting and register review timelines, based on the minimum interval guidance outlined below:

	Low/Medium	**High**
Existing	Start of new contract (if previous check more than 12 months before)	• Annually • Immediately (if key staff changes)
New	Start of contract	• Annually • Immediately (if key staff changes)

Risk assessments will be reviewed immediately if there are concerns of suspected or alleged fraud, or major organisational change has occurred.

Internal Risk Management Controls

Hagar Australia's internal risk management controls are to:

- Clearly state Hagar Australia's commitment to integrity in recruitment materials, human resource policies, and all partnership agreements.
- Undertake police and verbal referee checks, prior to appointment, for all Hagar Australia personnel and contractors, and review if circumstances change (for example, disciplinary or court proceedings). This is to identify individuals who may pose an unacceptable risk. Board members will, additionally, be screened against the Australian Securities & Investments Commission (ASIC)'s Register of Banned and Disqualified Persons.[4]
- Provide Hagar Australia's Prevention of Fraud & Corruption Policy, including Code of Conduct, reporting requirements and procedures, to all Hagar Australia personnel and

[1] Transparency International Corruption Perception Index, https://www.transparency.org/en/cpi (score of 67+)
[2] *Ibid.* (score of 34-66)
[3] *Ibid.* (score of 0-33)
[4] ASIC Register of Banned and Disqualified Persons, https://connectonline.asic.gov.au/RegistrySearch/faces/landing/SearchRegisters.jspx?_adf.ctrl-state=v5a66rrpu_12.

contractors; take steps to ensure they understand the Policy and sign the Code of Conduct, and discuss it with Hagar Australia personnel during annual Performance Reviews (where required).

- Ensure that all Hagar Australia personnel and contractors complete introduction and annual refresher training (evidenced by certificates and other documentation) on the prevention of fraud and corruption, including their obligations and Hagar Australia reporting/ complaints handling procedures.
- Include 'Risk,' supported by Hagar Australia's Risk Register, as a standing Board bi-monthly meeting agenda item to monitor Prevention of Fraud and Corruption Policy compliance, ensuring that Board members are aware of the level of fraud and corruption risk to which the organisation may be exposed.
- Detail who is permitted to use Hagar Australia's identity, facilities and equipment (name, office, bank account, credit cards, website, computer systems and telephone) and for what purpose in the organisation's Finance Manual (with clear delegations and separations of authority), Code of Conduct and partnership agreements.
- Maintain complete, accurate and up-to-date records of financial and operational activities with supporting documentation (including detailed project budgets, annual audits (both Hagar Australia and partners and/or projects), as well as partner and project performance reports), and ensure delivery of goods and services is substantiated before invoices are paid.
- Undertake an annual review of Hagar Australia's internal controls and prevention of fraud and corruption practices, and a more detailed periodic assessment (every 3 years) of the organisation's financial systems.
- Report any committed, suspected or alleged instances of fraud and corruption related to institutional donor-funded projects to institutional donors within five working days.

Programmatic Risk Management Controls

All Hagar Australia funded partners are expected to act in accordance with the principles outlined in this policy. Non-compliance with these standards, where required, may lead to suspension or termination of funding arrangements.

Hagar Australia's programmatic risk management controls are to:

- Sign partnership and project-level funding agreements that reflect the principles and requirements in this policy, including details of the organisation ultimately responsible for the project, the Hagar Australia resources that will be required, what will happen to them at the project's conclusion, and detailed reporting and audit requirements. These agreements must be discussed with partners.
- Take steps to ensure that Hagar Australia has a deep understanding of fraud and corruption issues within each operational context, including knowing its beneficiaries, partners and any third parties they engage with.
- Ensure that due diligence assessments are conducted for all partners who receive Hagar Australia funds, including police checks/ statutory declarations and verbal referee checks for all personnel; ensure that all such personnel enter into compliant personnel agreements and sign Codes of Conduct, the latter to be summarised and distributed in local languages to clients, their families and communities with reporting information.

- Ensure that Hagar Australia-funded partners develop and implement their own Hagar Australia-compliant prevention of fraud and corruption policy with clear investigation and reporting procedures, or formally adopt Hagar Australia's Prevention of Fraud and Corruption Policy. The reporting procedure should be displayed in local languages in each office and discussed with clients and communities, within 6 months of signing a partnership agreement with Hagar Australia.
- Ensure prevention of fraud and corruption considerations are included in project planning, monitoring and evaluation. Partner (annual) and project (bi-annual) fraud and corruption risk and compliance will be reported to Hagar Australia throughout the project cycle.
- Support partners in their compliance with prevention of fraud and corruption requirements, including regularly assessing capacity, addressing training needs (including annual refresher training), explaining partnership and personnel obligations, as well as regular monitoring and review by Hagar Australia, including an annual fiduciary assessment.
- Undertake an annual review of the internal controls and prevention of fraud and corruption practices of Hagar Australia's partners, and a more detailed periodic assessment (every 3 years) of organisational financial systems and risks.
- Make all reasonable efforts, where funds are provided to a third party, to ensure the third party is aware of, and seek assurance that it will comply with, all applicable laws and this policy.

7. CODE OF CONDUCT

All Hagar Australia personnel and contractors must read, sign and comply with Hagar Australia's Code of Conduct (Annex 1) which sets out strict standards of behaviour in relation to Hagar Australia resources.

8. PROCESSES FOR REPORTING CONCERNS OR ALLEGATIONS

8.1 How to Report

Any person within the scope of this policy who becomes aware of or suspects, the actual or attempted use of any form of corruption or involvement in fraudulent activities must report this promptly as follows:

- At https://hagar.org.au/reporting (this can be anonymous and Google Chrome can assist with webpage translation; fraud and corruption reports will be received by the Executive Director) or email Hagar Australia's Board Secretary at secretary@hagar.org.au, and
- Contact Hagar Australia's Executive Director or Board Secretary on **+61 3 9416 1960**.

If in doubt, Hagar Australia personnel and partners should report an alleged incident, in line with the principle of zero tolerance of inaction. Community members can also report via Hagar Australia's website and phone number (details above). Any person reporting a suspected or alleged incident in good faith will not be penalised. A failure to report or deliberately making a false allegation, regarding fraud and corruption incidents, will be considered a breach of this policy and will be managed accordingly (see Section 8.3).

8.2 How the Report will be managed

Any alleged incident or breach of this policy is a serious matter which will be investigated by Hagar Australia, as follows:

- All reports will be handled confidentially on a 'need to know' basis, which will include the Executive Director and Board Chair, with transparency and procedural fairness to all parties. Any substantial allegation will be reported to the Board of Directors.
- An objective and impartial investigation will be conducted, overseen by the Executive Director, regardless of the position, title, length of service or relationship with the organisation of any party who might be the subject of such investigation.
- The Executive Director will, if appropriate, immediately issue a request to the Hagar Australia Finance Manager, Hagar Australia's bank and/or credit card company, and Hagar International (if necessary) to freeze all resources. This may include funds to a partner organisation.

8.3 Sanctions

If it is determined that a person has engaged in fraud and/ or corruption, or a person or an organisation has failed to comply with this Prevention of Fraud and Corruption Policy or Code of Conduct, then Hagar Australia may apply an appropriate sanction as follows:

- dismissal, suspension or transfer to other duties for any employee who breaches the Prevention of Fraud and Corruption Policy and Code of Conduct;
- cancellation of a contract or relationship;
- if the incident is criminal, reporting to the relevant law enforcement agencies, in Australia or the country where the incident occurred, in cooperation with Hagar International.

Hagar Australia will pursue every reasonable effort to recover losses and report any incident to relevant institutional donors, the Australian Charities and Not-for-profits Commission (ACNC) and the Australian Council for International Development (ACFID).

Hagar Australia strictly prohibits any form of retaliation for raising a concern or reporting in good faith a violation of this policy, or for assisting or participating in any investigation or other proceeding. Any person who is found to have engaged in retaliation will be subject to disciplinary action up to and including termination of employment.

9. DEFINITIONS

Term	Definition
Hagar Australia personnel	Hagar Australia's Board of Directors, employees (full time, part-time and casual) and volunteers.
Hagar Australia-funded partners	This includes Hagar International, its Program Offices and other entities engaged to perform any part of a Hagar Australia-funded activity. These entities have agreed roles and responsibilities monitored by Hagar.
Fraud	Dishonestly obtaining a benefit, or causing a loss, by deception or other means. 'Benefit' refers to both tangible items, such as money or objects, and intangible benefits including power, status or information.

	People can commit fraud in a variety of ways, including by making false representations, misusing assets, abusing their position, failing to disclose information, disclosing confidential information and using other forms of deception. • **Internal fraud:** committed by someone within or connected to an organisation. For example: - Stealing cash donations; - Misusing banking facilities, including credit cards or internet banking accounts, for personal expenditure; - Claiming non-existent, excessive or inappropriate expenses; - Creating false or inflated invoices to obtain payment for goods and services that have not been supplied; - Submitting false applications for grants or other charitable benefits; - Creating non-existent beneficiaries or employees for the purposes of directing unauthorised payments. • **External fraud:** committed by someone with no connection to the organisation. For example: - Using false invoices to obtain money from an organisation; - Committing identity fraud, for example, hijacking an organisation's bank account - Unauthorised fundraising in an organisation's name, such as setting up a fraudulent disaster appeal website.
Financial wrongdoing	In the context of this policy includes fraud, corruption, bribery and money-laundering.
Corruption	Corruption is dishonest activity or the misuse of office, position, power or influence for some personal or private gain or advantage for him or herself or for another person or entity. Examples of corruption include: • Bribery, extortion and blackmail • Secretly permitting personal interests to override corporate interests • Secretly giving or accepting gifts or benefits in return for preferential treatment • Collusion, false quotes, false invoices or price fixing • Nepotism (favouring relatives).
Bribery	Bribery is a form of corruption. It is the (actual or attempted) offer, promise, giving, accepting or soliciting of an advantage or benefit (either directly or indirectly) as an inducement or reward for an action which is illegal, immoral, unethical, a breach of trust or designed to gain commercial, contractual, regulatory or personal advantage. Acts of bribery are designed to influence individuals to act dishonestly in the performance or discharge of their duty (irrespective of whether the individuals are ultimately influenced or not). Bribery of a public foreign official is a serious criminal offence and carries heavy penalties.

10. RELEVANT LEGISLATION AND CONVENTIONS

Hagar Australia personnel, contractors and Hagar Australia-funded partners must adhere to local and international fraud and corruption criminal laws. These include Australian Commonwealth, state and territory laws, and international conventions and local laws in the countries where Hagar Australia works.

Australian legislation
a) *Criminal Code Act 1995*
b) *Crimes Act 1914*

State and territory anti-corruption legislation
a) Victoria: *Crimes Act 1958*
b) New South Wales: *Crimes Act 1900*
c) Queensland: *Criminal Code Act 1899*
d) Western Australia: *Criminal Code*
e) South Australia: *Criminal Law Consolidation Act 1935*
f) Tasmania: *Criminal Code Act 1924*
g) Australian Capital Territory: *Crimes Act 1900*
h) Northern Territory: *Criminal Code Act 1983*

International anti-corruption instruments that Australia is a signatory to
a) *The United Nations Convention against Corruption*
b) *The United Nations Convention against Transnational Organised Crime*
c) *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, published by the Organisation for Economic Co-operation and Development (OECD)

Each Hagar office is legally obliged to comply with relevant country laws relating to fraud and corruption.

11. RELATED POLICIES AND PROCEDURES

- Prevention of Terrorism Financing Policy
- Conflict of Interest Policy
- Whistleblowing Policy
- Feedback & Complaint Handling Policy
- Risk Management Policy
- Incident Reporting Procedure

12. POLICY REVIEW

This policy will be reviewed at least every three years, or as required, incorporating lessons learned.

Contact:

For questions about this policy, contact Hagar Australia's Executive Director on +61 3 9416 1960.