

Prevention of Fraud & Corruption

Training Package



This training package is provided by Partner Housing Australasia, for use by its Directors, Volunteers and Partner Organisations, including Vision for Homes (PNG) and the South Ranongga Community Association (Solomon Islands).

The training package may be read on a computer screen or as hard copy, or **may be listened to** by **engaging the computer “Read Aloud” PDF reader function**.

The purpose of this training package is to explain the background and the detail of the Partner Housing Australasia policies for preventing the **bullying, sexual exploitation, abuse harassment and other sexual misconduct** in those countries and regions where the organisation operates.

Fraud against the Commonwealth means dishonestly obtaining a benefit, or causing a loss, by deception or other means. It includes:

- theft,
- accounting fraud, (false invoices, misappropriation etc.)
- unlawful use of, or obtaining property, equipment, material or services,
- causing a loss, or avoiding and/or creating a liability,
- providing false or misleading information to the Commonwealth,
- failing to provide information to the Commonwealth when there is an obligation to do so,
- misuse of Commonwealth assets, equipment or facilities,
- making or using false, forged or falsified documents,
- wrongfully using Commonwealth information or intellectual property.

People usually associate fraud with monetary or material benefits. Gains are not only about monetary or material benefits. For example, a person can receive benefits by giving away sensitive or classified information.

Corruption is a type of fraud. Corruption is a misuse of entrusted power for private gain. The Commonwealth defines corruption as:

- Conduct that involves, or that is engaged in for the purpose of, the staff member abusing his or her office as a staff member of the agency.
- Conduct that perverts, or that is engaged in for the purpose of perverting, the course of justice.
- Conduct that, having regard to the duties and powers of the staff member as a staff member of the agency, involves, or is engaged in for the purpose of, corruption of any other kind.

A fraud risk assessment identifies fraud risks and corresponding controls to minimise or mitigate the identified risks.

A fraud control strategy is the plan for how fraud will be managed or controlled in an organisation or program.

Collusion is a deceitful agreement or compact between two or more persons or organisations, aimed at defrauding a third party. Collusion against DFAT could involve DFAT officers, funding recipients and/or other parties.

Internal Fraud is fraud committed by a DFAT officer, and is generally dealt with under the Public Services Act 1999. For locally engaged staff (LES) at posts, the LES Code of Conduct applies in conjunction with local employment law. Corruption is a type of internal fraud.

External Fraud is fraud committed by a party external to the Commonwealth, for example, funding recipient entrusted with the use of public funds. It can be dealt with under a range of civil or criminal provision, contract clauses, or other mechanisms depending on the location of the incident.

Passport Fraud is, for example, making false declarations in the application. Passport fraud is dealt with under the Australian Passports Act 2005.

Money Laundering is defined as the process of concealing the origin of money, obtained from illicit activities such as drug trafficking, corruption, embezzlement or gambling, by converting it into a legitimate source.

The following policies are set out in “Policy and Procedures” documents E2.5a and E3.7a.

- a) Partner Housing Australasia and its Partner Organisations shall facilitate the prevention, detection and investigation of fraud and the prevention of corruption.
 - b) Partner Housing Australasia shall have a Public Risk Insurance with a limit of at least \$ 5 million for each and every claim which covers: loss of, or damage to, or loss of use of any real or personal property; or personal injury to, illness (including mental illness) or death of any person.
 - c) Partner Housing Australasia and its Partner Organisations is committed to playing its part in fighting fraud, corruption and money laundering, wherever it may occur.
 - d) Partner Housing Australasia and its Partner Organisations shall ensure that staff to report suspicions of fraud.
 - e) Partner Housing Australasia and its Partner Organisations shall provide guidance on fraud prevention, detection, or investigation.
 - f) Partner Housing Australasia and its Partner Organisations shall facilitate the reporting of fraud and suspected fraud through the ISO 9001-based “Nonconformance Reporting” procedures, in accordance with Policy No A2.4a.
 - g) Partner Housing Australasia and its Partner Organisations shall ensure that whistle blowers are afforded protection, in accordance with Policy No A2.4a.
-

Partner Housing Australasia shall ensure that implementing Partner Organisations have policies, procedures and practices for the prevention, detection and investigation of fraud.

Partner Housing Australasia commitment includes:

- the provision of training,
- the initiation of discussions to facilitate the prevention,
- detection and investigation of fraud,
- the review and approval of the Partner Organisations' fraud prevention policies (included in the relevant MOU),
- reviewing the Partner Organisation key controls for the mitigation of fraud; and
- assisting with appropriate fraud investigations, should the need arise.

Partner Housing Australasia shall ensure that any fraud and suspected fraud associated, with the implementing Partner Organisations, is reported through the ISO 9001-based "Nonconformance Reporting" procedures, in accordance with Policy No A2.4a. Partner Housing Australasia shall ensure that whistle blowers are afforded protection, in accordance with Policy No A2.4a.

In more detail –

- a) Partner Housing Australasia and its Partner Organisations shall ensure that the personnel responsible for raising funds, accepting donations and executing international programs are trained in the relevant aspects of anti-fraud, anti-corruption and anti-money-laundering laws and practices.
- b) Partner Housing Australasia and its Partner Organisations shall report any suspected fraud, corruption or money laundering to the appropriate police force and any other appropriate government instrumentality, including AUSTRAC.
- c) Partner Housing Australasia and its Partner Organisations shall dismiss any person, (Volunteer, Staff or Contractor) suspected of fraud, corruption or money laundering, and shall report them to the police.
- d) Partner Housing Australasia and its Partner Organisations shall refuse assistance or donation from organisations or person who is convicted (or reasonably suspected) of fraud, corruption or money laundering.
- e) At each Board Meeting, Directors shall declare any conflict of interest or potential pecuniary gain. If such conflicts of gains exist, that person shall not participate in any deliberations on the matters. See also Policy No A1.2.
- f) In the case of donations exceeding AUD \$ 10,000 (or the local equivalent, PGK 25,000 or SBD 60,000), Partner Housing Australasia (on behalf of its Partner Organisations) shall take steps to ensure that they are not an unwitting participant in fraud, corruption or money-laundering. This shall include the following.
 - Consult an experienced certified anti-money-laundering specialist (who has particular experience in government requirements and anti-money laundering) to carry out the necessary due diligence and to undertake rigorous checks.
 - Consult the appropriate part of the DFAT website
 - If there is any doubt as to the integrity of the donor or donation, consult AUSTRAC.
- g) Before accepting exceeding AUD \$ 10,000 (or the local equivalent, PGK 25,000 or SBD 60,000), Partner Housing Australasia and its Partner Organisations shall enter in to a Memorandum of Understanding (MOU) with any Donor. The MOU shall have a sufficient cooling off period to allow the appropriate checks to be carried out.
- h) The conditions of acceptance of any donation shall include (but are not limited to):

- There must be an agreed MOU and subsequent Contract with the Donor, which spells out in detail the responsibilities and authorities, together with the specification of project deliverables.
 - Partner Housing Australasia must have control of donation expenditure, within the limitations of the MOU and Contract.
 - Partner Housing Australasia (through its consultants) must control the construction; and
 - Partner Housing Australasia shall only accept a donation if it meets these requirements.
- i) Partner Housing Australasia shall ensure that its accounts are audited annually by a qualified and experienced auditor.
- j) Implementing Partner Organisations shall submit annual acquittals for the expenditure of all donations and grants made by Partner Housing Australasia.
- k) Partner Housing Australasia shall adopt the following program funding and administration practices, aimed at detecting and minimising fraud –
- Providing standardised designs, costed bills of quantities and standardised cost estimates for materials, labour and overheads for all programs funded (or partially funded) by Partner Housing Australasia. This enables close scrutiny of expenditure.
 - Monitor and report to the Board quarterly the financial performance and construction outcomes of each program.
 - Where necessary (such as major purchases for the Solomon Islands water reticulation program), Partner Housing Australasia shall pay directly the suppliers of materials, components and transport. Labour and minor costs are re-imbursed on receipt of invoices which are reviewed by the Partner Housing Australasia Regional Manager and approved in accordance with the delegation of authority.

Refer also to Policy No. A2.1a, Policy No. B2.5a, Policy No. E2.5a, Policy No. E1.5a, Policy No. E2.5a, Policy No. E3.7a.

The procedures for implementing and managing these policies are set out in “Policy and Procedures” documents E2.5a and E3.7a, which should be consulted to determine what needs to be done.

The following procedures provide context and further resources for this Training Package, and should be consulted for background and context.

Turn off the “Read Aloud” option for this part of the training package.

Procedures – Anti-fraud Training

Directors shall undertake the following training in detecting and eliminating fraud.

1. The Finance Manager shall –
 - a) Be a practising Chartered Accountant
 - b) Participate in the 10-hour online CPA Australia “Financial Investigation and Forensic Accounting”;
 - c) Study the DFAT anti-fraud training material (see below); and
 - d) Provide instruction to the other Partner Housing Australasia Directors
2. All Directors and Managers shall –
 - a) Receive specialised training by the Finance Manager on the principles and practices for the detection and elimination of fraud, as set out in the DFAT and CPA training material; and
 - b) Study the DFAT anti-fraud training material (see below).

DFAT Fraud Toolkit - YouTube <https://www.youtube.com/watch?v=nH4QMF3zfrM>

fraud-control-toolkit-for-funding-recipients.docx (live.com)

<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.dfat.gov.au%2Fsites%2Fdefault%2Ffiles%2Ffraud-control-toolkit-for-funding-recipients.docx&wdOrigin=BROWSELINK>

Financial Investigation and Forensic Accounting

10-hour online CPA Australia <https://www.cpaaustralia.com.au/contact-us>

Description

This online course will arm you with key knowledge on fraud detection, investigation and prevention based on real life experiences of forensic practitioners. Also take this opportunity to learn new approaches to fraud and become more effective in your work.

Key topics

- The forensic accountant as an expert witness
- Forensic investigation
- Forensic technology
- Recording and case presentation
- Fraud detection tools and techniques
- Fraud and corruption control

This course consists of one online course, a downloadable PDF learning manual and one online assessment.

Learning objectives

- Discuss current trends in fraud and corruption in Australia and globally.
- Implement fundamental techniques in the investigation & detection of fraud.
- Describe how to prepare and present a forensic case involving allegations of fraud.
- Provide guidance on fraud prevention principles as promoted by AS 8001:2008 Fraud and Corruption Control.

Audience

This course is specially designed for:

- Public practitioners including sole practitioners at the partner and director level
- Those working in Government (federal, state, local and business/enterprise)
- Academic professionals
- Practitioners in insolvency, auditing (internal and external), risk and advisory.



Disclaimer

This training package covers aspects of the DFAT and ACFID Code of Conduct key policies. The authors, publishers and distributors of these documents do not accept any responsibility for incorrect, inappropriate or incomplete use of this information.

Copyright

© Quasar Management Services Pty Limited. All rights are reserved. Permission is given for individuals to use this material in the preparation of specific humanitarian programs. Permission is also given for not-for-profit Nongovernmental Organizations to use this material in the preparation of Training Programs and for the operation of not-for-profit NGOs (non-governmental organisations) in the Asia-Pacific region. Use of this material for any other commercial purposes prohibited without the written permission of the copyright owner.

Revisions

Q230101-E2.5-E3.7 Training-1 Fraud & Corruption 1 January 2023
General revision to align with DFAT requirements