

# GRASS SKIRT PROJECT

## FRAUD CONTROL AND CORRUPTION PREVENTION POLICY



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1 Purpose

- 1.1** The objective of this policy is to protect against, detect and respond to fraud and corruption in order to protect the interests of clients, workers and other stakeholders while retaining a high ethical standing within the community for the Grass Skirt Project.

2 Scope

- 2.1** This policy applies to all entities within the Grass Skirt Project and to all Directors, employees, volunteers, contractors and consultants in relation to their work with/for the Grass Skirt Project.

3 Policy Statement

The Grass Skirt Project cannot and will not tolerate fraud or corruption.

Every dollar taken by theft or fraud reduces the Grass Skirt Project's capacity to maintain the same level of frontline services to people in need or will reduce back office support to compensate for the loss.

We rely on the support of government, business and the community to deliver the services we provide to people in need. Reputational damage arising from lax fraud control procedures can lead to a significant decline in confidence in the Grass Skirt Project and have an adverse impact on donations and funding, leading to a more severe impact on the services we deliver and back office support than the initial theft.

It is in everyone's interests to prevent fraud and corruption from occurring and to report every suspected incident immediately to the head of risk management and their supervisor (except where their supervisor may be involved in the fraud or corruption event).

4 Definitions

Terms used in this policy are:

#### **4.1 Fraud-** To dishonestly obtain or arrange a benefit by

deception or other means: Examples include:

· Theft such as stealing property, petty cash, gift cards, donations, client funds or corporate assets;

- Falsification of records, accounts or documents to deceive;
- Dishonestly destroying or concealing accounts or records;
- Embezzlement or misappropriation of funding or other assets;
- Misuse of assets or property for personal benefit (e.g. vehicles); and
- Forgery or issuing false or misleading statements with intent to obtain financial advantage or deceive.

#### **4.2 Corruption-** Dishonestly obtain a benefit by misuse of power, position, authority or resources:

Examples include:

- Bribery, extortion & blackmail;
- Secretly permitting personal interests to override corporate interests;
- Secretly giving or accepting gifts & benefits in return for preferential treatment to the giver;
- Collusion, false quotes, false invoices or price fixing;
- Manipulating design & specifications or processes for personal gain or to conceal defects;
- Complicity in excessive billing or submission of false support documents or concealment of documents;
- Falsifying job qualifications or work or safety certifications;
- Nepotism (favouring relatives); and
- Privacy breaches or data manipulation with intent to cause harm.

## 5 Roles And Responsibilities

Everyone in the Grass Skirt Project is responsible for fraud control and corruption prevention. Accordingly, every person must report every suspected incident immediately to both the head of risk management and to their supervisor (except where their supervisor may be involved in the fraud or corruption event in which case they report it to their supervisor's supervisor).

Further specific responsibilities are:

### 5.1 Board

The Board together with executive management sets ethical principles that form the foundation of an ethical anti-fraud culture.

#### 5.2 Board Audit & Risk Committee

Reviewing and monitoring policies for preventing and detecting fraud,

Reviewing fraud reports from management and auditors.

#### 5.3 CEO

Set the ethical 'tone at the top' to flow throughout the Grass Skirt Project to entrench a culture of high ethics and integrity,

Approve terms of reference for any investigation into fraud or corruption, and

Approve or endorse final action to be taken in response to actual incidents of fraud or corruption.

#### 5.4 Executives

Ensure that there are programs and controls in place to address risk including fraud and corruption risk and that those controls are effective.

Oversee daily operations in which fraud or corruption risks may arise,

Be actively involved in planning activities to prevent, detect and respond to suspected fraud and corruption incidents.

Respond to adverse trends identified from the fraud and corruption database.

#### 5.5 Managers

Introduce and maintain controls to prevent incidents of fraud or corruption from arising in their area of responsibility.

Ensure that a fraud or corruption risk assessment has been conducted for their area of responsibility at least once annually.

Immediately notify all suspected fraud or corruption incidents that are detected within their jurisdiction to the head of risk management.

Respond to the outcomes of any investigation or inquiry into any suspected fraud or corruption incident.

5.6 All Workers (Directors, executives, managers, employees, volunteers, contractors & consultants regardless of whether working full time, part time, casual etc.)

Be continually alert to the possibility of fraud or corruption incidents and to internal control lapses.

Inform their manager (or their manager's supervisor) of any suspected incidents or control lapses or weaknesses.

Notify the head of risk management about any suspected incidents.

Not engage in any fraudulent or corrupt conduct.

5.7 Head of Risk Management

Prepare investigation terms of reference and investigation plans.

Consult with Executives about the best course of action when suspected fraud or corruption incidents are raised.

Consult with appropriate line managers and specialist personnel during inquiries or investigation into fraud or corruption.

Ensure there is a quality internal investigative capability independent of line management.

Provide notice to external parties of fraud or corruption incidents after approval by the CEO.

Facilitate fraud and corruption awareness and education.

Maintain a database of fraud or corruption incidents and provide trend analysis to Executives.

Maintain the Whistleblower Policy and the Integrity Line for receipt of reports of serious wrongdoing.

Report on status of the fraud control and corruption prevention strategy to the Executive Team and the Board Audit & Risk Committee.

Review the integrity framework and the fraud control strategy regularly.

## 5.8 Internal Audit

Maintain awareness of the possibility of fraud or corruption during audit work.

Provide advice and guidance on internal controls to prevent fraud or corruption.

Conduct tests of systems to identify possible fraud or corruption.

Provide specialist investigatory expertise where needed and maintain a manual of investigatory procedures.

## 5.9 External Audit

Maintain awareness of the possibility of fraud or corruption during audit work.

Notify the Board if incidents of fraud or corruption are identified.

## 6 Application

The Grass Skirt Project is committed to minimising fraud and corruption and instilling a culture of:

‘Zero tolerance’ of fraudulent and corrupt behaviour;

Inquiring and investigating all suspected fraud and corruption tip-offs regardless of source or if made anonymously;

Recovery of losses sustained through acts of fraud or corruption through all available avenues;

Reporting all incidents of fraud or corruption to external parties as appropriate.

### 6.1 Prevention

Preventative measures include:

Regular review of the integrity framework supporting a culture of integrity and intolerance of fraud or corruption

Awareness training and education

Risk assessments as part of annual project risk assessments

Continual quality improvement reviews of internal control and compliance measures

Pre-employment screening (including volunteers, contractors and consultants, where appropriate)

Maintenance of a database for trend analysis to identify early action

Annual update of fraud control and corruption prevention plans for resolution of shortfalls in any of these preventative measures

## 6.2 Detection

Detective measures include:

Fraud & corruption detection programs such as data mining and analysis

Alternative reporting mechanisms such as the Speak Up Integrity Line

Whistleblower protection

Discovery during grievance management

Quality assurance officer and compliance officer awareness during reviews

Internal audit awareness during audits

External audit awareness during audits

## 6.3 Response

Response measures include:

Amendment of the Fraud Control & Corruption Prevention Plan

Revision and refreshment of policies to rectify deficiencies

Maintenance of an internal investigative capability including qualified investigator and up-to-date investigation manual

Internal reporting of outcomes and escalation where appropriate

Review of internal controls after every confirmed incident

Application of disciplinary procedures for detected incidents

Civil action to recover losses where appropriate

Maintenance of insurance policies

Public reporting of incidents where CEO approves

Media management involvement as appropriate

Reporting to funding agencies of incidents and rectification measures

Referral to external organisations and agencies, such as Police, as appropriate, after CEO approval

## 7 Breach

A breach of this Policy may result in disciplinary action that may involve severance from the organisation.

## 8 Authority

This Policy is approved by the Executive Leadership Team and was reviewed by the Board Audit & Risk Committee.

This policy was adopted by Grass Skirt Project on July 1st 2017

Signed on behalf of the Management Committee by:



Signature

Name SOFIA BARTLETT

The policy has been reviewed by the Management Committee on:

Date July 1st 2017