

Anti-Corruption & Anti-Fraud Policy

Details

Policy & Procedure Owner	ERF Board	
Approved by	ERF Board of Directors	
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Abbreviations

ACFID	Australian Council for International Development
CHO	Complaints Handling Officer
CHP	Complaints Handling Policy
DFAT	Department of Foreign Affairs and Trade
ERF	Edmund Rice Foundation
ICCR	Incidents, Complaints & Compliments Register

Definitions

ACFID Member	A not-for-profit organisation that has obtained accreditation with ACFID
Board Members	Voluntary directors of ERF's Board
Donor	Members of the public including individuals or organisations who contribute to ERF in cash or in-kind
Partner	Any organisation which has an MOU or contract with ERF
Program	Programs are overarching development approaches and initiatives that set priorities and guide project outcomes, results and activities. Programs can comprise ministries or entities
Project	Projects are the development activities of a Program
Staff	Employees, contractors, subcontractors, outworkers, apprentices and trainees, work experience students, volunteers and any other person who performs work for ERF
Stakeholder	Anyone who interacts with ERF and its Partners including but not limited to suppliers, contractors, volunteers, donors, etc.

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1.0 Introduction

ERF has an obligation to all stakeholders to ensure that all monies used and disbursed by ERF are used only for their articulated purposes and that processes are in place to protect those funds from fraud both in Australia and in the countries where the programs it supports are located. ERF's position is that the most vulnerable people are ultimately the ones most hurt by corruption and fraud in the development space.

1.1 Structure

This policy is divided into an introductory preamble followed by 3 core sections which reflect the standard procedures for fraud and corruption control. These include:

- Section 1: Preventing corruption and fraud (pp 7-8);
- Section 2: Detecting corruption and fraud (pp 9-11); and
- Section 3: Responding to corruption and fraud (pp 12-17).

1.2 Relevant legislations & conventions

It is a criminal offence under Australian law to bribe a foreign public official. Details of this offence are contained in Section 70.2 of the Criminal Code Act 1995 (Commonwealth). Australia is also a party to significant international instruments on bribery and corruption, including the United Nations Convention against Corruption 2004 and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions 2011 (the Anti-Bribery Convention).

Links to relevant legislation:

- [Criminal Code Act 1995 \(Commonwealth\)](#)
- [United Nations Convention against Corruption 2004](#)
- [OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions 2011](#)

2.0 Purpose

The purpose of Edmund Rice Foundation's (ERF) Anti-Corruption and Anti-Fraud Policy is to ensure that all ERF board members, staff and stakeholders are aware of their responsibilities regarding the prevention, detection and response to corruption and fraudulent activity, and to articulate:

- ERF's commitment to the highest standards in the conduct of all its operations, in an accountable, transparent and ethical manner;
- ERF's rejection of all forms of corruption and fraud; and
- ERF expectation that these same standards will be mirrored in the management of the programs it supports in developing countries.

3.0 Scope

This policy applies to all ERF Board Members, Staff and Stakeholders as defined in this policy. At times this policy will make a distinction between internal processes that concern ERF Board Members and Staff and external processes that concern ERF's network of supported Programs overseas.

Because it is a criminal offence under Australian law to bribe a foreign public official, ERF and in-country program personnel need be aware that this offence applies to:

- both individuals and companies, whether or not they are Australian, who bribe or attempt to bribe a foreign public official while in Australia; and
- Australian citizens, Australian residents or companies incorporated in Australia who bribe or attempt to bribe a foreign public official while overseas.

Companies can be found guilty of the foreign bribery offence and can be held criminally responsible for the acts of their agents. Individuals or companies that commit the offence can be prosecuted in an Australian court. Australian law provides for up to 10-years imprisonment for persons found guilty of

bribing a foreign public official. A court can also impose a fine instead of, or in addition to, imprisonment. Proceeds of this criminal activity can also be forfeited to the Australian Government.

4.0 Definitions

4.1 Corruption

Corruption is a misuse of entrusted power for private gain. This includes financial corruption such as fraud, bribery and extortion and also non-financial forms such as the diversion of aid to non-target groups, allocation of resources in return for favours and preferential treatment for family and friends. These practices may be associated with intimidation of staff or beneficiaries who decline to participate in corruption.

4.2 Fraud

ERF defines fraud as: the theft or misuse of ERF funds or other resources by ERF Australia based personnel or third party or in-country ERF funded program personnel or third party, which may or may not also involve misstatement of financial documents or records to conceal the theft or misuse.

Examples of fraud include but are not limited to:

- theft of funds or other property and resources
- falsification of costs or expenses
- collusion among tenderers and falsification of quotations
- forgery, falsification or alteration of documents
- destruction or removal of records
- inappropriate personal use of assets
- seeking or accepting of cash, gifts or other benefits from third parties in exchange for preferment of the third parties
- blackmail or extortion
- intentionally paying excessive prices or fees to third parties to obtain personal gain
- offering, promising or giving of a bribe or requesting, agreeing to receive or accepting a bribe.

4.3 Bribery of a foreign public official

The elements of the offence of bribing a foreign public official include the following:

- Providing or offering a benefit to another person or causing a benefit to be provided or offered to another person, where the benefit is not legitimately due to the other person.
- The benefit must be intended to influence a foreign public official in the exercise of his or her official duties for the purpose of obtaining business or a business advantage.
- A benefit can be a non-monetary or non-tangible inducement. It does not need to be provided or offered to the foreign public official (that is, it can be provided or offered to another person). It can also be provided or offered by an agent.

4.4 Foreign public official

The definition of foreign public official includes:

- employees, officials or contractors of a foreign government body
- individuals performing the duties of an appointment, office or position under a law of a foreign country; individuals holding or performing the duties of an appointment, office or position created by custom or convention of a foreign country
- members of the executive, judiciary, magistracy or legislature of a foreign country
- employees, contractors and individuals who perform the duties of an office or position, or are otherwise in the service of a public international organisation (e.g. United Nations)
- individuals who hold themselves to be an authorised intermediary of a foreign public official

4.5 Benefit

A benefit is any advantage and is not limited to property. A benefit can be a non-monetary or non-tangible inducement. It does not need to be provided or offered to the foreign public official directly;

it can be provided or offered to another person. A benefit can also be provided or offered by an agent.

5.0 Roles and responsibilities

All Staff members, including employees, contractors, subcontractors, outworkers, apprentices and trainees, work experience students, volunteers, employers, ERF's Board of Directors and any other person who performs work for ERF holds certain responsibilities to prevent, detect and report cases of financial corruption and fraud.

The responsibilities, including reporting requirements to ERF, extend to the staff of overseas Programs that ERF supports.

The ERF Board of Directors has ultimate responsibility over the usage of ERF funds.

5.1 Responsibilities of Australian Staff

The responsibilities of Australian Staff are as follows:

- sign ERF's Code of Conduct; ERF's Code of Conduct outlines expectations of Staff conduct. This Anti-Corruption & Anti-Fraud Policy is one of several related policies compiled in the document;
- adhere to ERF's Anti-Corruption & Anti-Fraud Policy;
- immediately notify ERF's CEO of any lodged complaints or witnessed cases of financial misconduct; and
- assist the CEO with the complaints investigation process as required.

The responsibilities of the **CEO** include those of all ERF staff as well as the following:

- lodge all complaints received by ERF;
- complete the triage process for all complaints received by ERF;
- determine during the triage process whether a complaint concerns a case of financial wrongdoing and thus, whether it warrants the risk assessment of "high-risk";
- report to the ERF Board complaints that concern a case of financial misconduct;
- for a case of financial misconduct that concerns one ERF's domestic operations:
 - liaise with the ERF Board to determine a course of action;
 - work with the ERF Board to investigate cases of witnessed or alleged financial misconduct;
- for a case of financial misconduct that concerns one of ERF's supported overseas Programs:
 - liaise with the ERF Board to determine a course of action;
 - liaise with the Program's Governing Body and request that they open an investigation into the case;
 - provide guidance to the Program's Governing Body to assist with an investigation;
 - continue to liaise with the Governing Body on a regular basis to discuss outcomes of the investigation;
- file all documentation regarding a case of financial misconduct, including emails, meeting minutes with Program Governing Bodies, meeting minutes with the ERF Board of Directors and witness reports in SharePoint;
- oversee, manage, and delegate the completion of all 3 sections of the Corruption and Fraud Reporting Form;
- manage entries into the Financial Wrongdoing section of the Incidents, Complaints and Compliments Register (ICCR);
- train ERF Staff in the prevention, detection and reporting of cases of corruption and fraud; and
- disseminate learnings to ERF Staff about finalised cases of financial misconduct, including lessons for how to prevent future cases from occurring.

The responsibilities of the **Programs Director** include those of all ERF staff as well as the following:

- assume the responsibilities of CEO when contacted directly with a complaint in the capacity as a secondary contact;
- oversee, manage, and delegate the completion of all 3 sections of the Corruption and Fraud Reporting Form;
- file all documentation regarding a case, including emails, meeting minutes with Program Governing Bodies, meeting minutes with the ERF Board of Directors and witness reports in SharePoint; and
- manage entries into the Financial Wrongdoing section of the Incidents, Complaints and Compliments Register (ICCR).

The responsibilities of the **International Programs Manager** include those of all ERF staff as well as the following:

- assist the CEO and the Programs Director with filing documentation into SharePoint concerning investigations into cases of financial misconduct; and
- assist the CEO and the Programs Director with managing entries into the Financial Wrongdoing section of the Incidents, Complaints and Compliments Register (ICCR).

5.2 Responsibilities of international Partners

The responsibilities of Partner Staff are as follows:

- complete anti-corruption and anti-fraud training as instructed by their Program Leader;
- participate in ERF-facilitated sessions on anti-corruption and anti-fraud as required; and
- in accordance with ERF's [Complaints Handling Policy](#), submit a formal complaint to their Programs' Complaints Handling Officer (CHO), as soon as is reasonably possible, of all witnessed or suspected incidents of financial misconduct.

The responsibilities of Partner Complaints Handling Officers (CHOs) include those of Partner Staff as well as the following:

- immediately report to their Program Leader received complaints concerning financial misconduct, including complaints that appear to lack credibility.

For a full list of the CHOs responsibilities in relation to complaints handling generally, please refer to ERF's [Complaints Handling Policy](#).

The responsibilities of Partner Program Leaders include those of Partner Staff as well as the following:

- assess the risk of corruption and fraud within their area of responsibility;
- ensure that their Program Risk Management Plan identifies and assesses issues of potential risk with respect to corruption and fraud, sets out related mitigation strategies in place and identifies the Program personnel responsible for the implementation of those strategies;
- train their Staff in the prevention, detection and reporting of cases of financial misconduct;
- disseminate learnings to Staff about finalised cases of financial misconduct, including lessons for how to prevent future cases from occurring;
- report all cases of witnessed or suspected corruption and fraud to their Governing Body within 24-hours of first detection;
- report all cases of witnessed or suspected corruption and fraud to the ERF CEO within 24-hours of first detection; and
- cooperate with the ERF CEO during an investigation of financial misconduct.

6.0 Policy

Section 1: Prevention of corruption and fraud

ERF incorporates the following policies to disincentivise stakeholders from committing corruption or fraud:

- distributing public tenders for supplier procurements;
- a partnership/funding application process that verifies the transparent, prudential financial management of prospective Programs;
- contract arrangements that commit Partner Programs to transparent financial reporting, prudential budgetary expenditure and compliance with various policies intended to prevent fraud and corruption;
- remedial actions for stakeholders, including for those deemed to have engaged in corruption, fraud or related criminal activity, as well as those who detected but failed to report such cases (See Section 14.0);
- protection of complainants;
- the establishment and ongoing implementation of a [Complaints Handling Policy](#);
- the establishment and ongoing implementation of a [Whistleblowing Policy](#);
- training of domestic Staff and overseas Program Managers in anti-fraud and anti-corruption practices.

7.0 Procurement procedures

ERF Partners must have Program-specific financial management policies which ERF reviews to ensure compliance with our Partnership requirements. ERF abides by the following procurement principles:

- ERF aims to support the local economies of the areas in which it is operational. In practice this means an obligation to purchase from local vendors when possible;
- in all cases fair competition must be the overriding principle for awarding orders;
- best value for money should always be a key factor when purchasing taking into consideration all factors such as costs, benefits, risks and resources over the entirety of the product or service life-cycle;
- price alone does not necessarily determine best value for money; and
- documentation relating to procurement must be retained for a minimum of 7-years for auditor, donor, and host government purposes.

ERF ensures a transparent procurement process distinguished by the type of purchase, collated in the procurement matrix below.

Procedure type	Value for supplies	Value for services and works	Method to apply
Single quote	<\$1,000	<\$5,000	This method requires that only one quote or offer be obtained prior to the confirmation of an order/contract
Negotiated procedure	\$1,001 to \$10,000	\$5,001 to \$25,000	This requires that a minimum of 3 quotes/offers be obtained by contacting vendors individually and requesting offers
National tender procedure	>\$10,001	>\$25,001	This requires that all interested vendors be allowed to submit offers following publication of a National Tender Notice

The types of purchases ERF distinguishes between includes:

- supplies: this refers to the physical items such as computers or construction materials;
- services: this refers to advisory or consultancy contracts carried out including financial audits, surveys, monitoring and evaluation or technical assistance for trainings; and
- works: this refers to infrastructural works such as the building of a school.

8.0 Partnership/funding applications

The partnership/funding application stage presents an opportunity for ERF to conduct due diligence of potential Program Partners.

Funding applications submitted to ERF must include the following:

- details of a Program's internal financial management systems and procedures; and
- confirmation of Program leadership's familiarity with ERF's Anti-Corruption & Anti-Fraud and Counter Terrorism Policies.

9.0 Contract agreements

For Partners whom ERF has agreed to enter into a partnership with, the funding contract is a mechanism for ensuring the prudent use of funds. The contract commits Partners to the following terms and conditions.

Roles and relationship responsibilities of the Program:

- The use of ERF funds provided are solely for activities as detailed in the approved budget.
- Partners must acknowledge receipt of funds transferred each quarter by ERF.
- Partners must reply promptly to ERF requests and correspondence.
- Partners are responsible to record any unspent funds annually and reimburse to ERF or seek written approval for re-allocation/carry-over.
- Complete timely provision of quarterly and annual reporting to ERF.
- Partners must work with ERF to facilitate an in-country external audit of the Program in its entirety (not limited to ERF funding only) for submission to ERF at the end of the funded year.
- Partners must adopt and implement a Complaints Handling Policy (CHP) that adheres with ERF's CHP, including but not limited to: nominating a Complaints Handling Officer, all personnel and beneficiaries understand how to make a complaint, adopt a triage system to respond to complaints and report any lodged complaints that receive a risk level of "high to ERF's CEO within 24-hours.

Budget, financial records and insurance:

- Any variation on the approved budget lines or any change to the objectives, must be agreed in writing with ERF prior to using the funding for any alternative purpose or adjusting the timeline of the Project.
- Project end, any unused funds transferred to the Program are to be returned to ERF for overseas use unless other arrangements are agreed to in writing.
- Financial records must be kept for a period of seven years from the end of the project period. Externally audited financials should be available in a timely manner clearly identifying the ERF funds.
- The Program and ERF shall maintain sound financial and project management systems and internal controls and keep proper and detailed accounts, records and assets registers, including clear audit trails and adequate records/receipts in relation to expenditure of all project funds.
- ERF may request financial documentation for the Program and/or specific Project to be provided with quarterly reporting including:
 - Budget vs actual for the 3-month period utilising reporting template
 - extract of trial balance sheet

- extract of general journals/ledgers
- quarterly management accounts

Termination of agreement:

- Failure of the Program to account for any or all of the funding provided.
- Where any offer, payment, consideration or benefit of any kind, which constitutes or could be construed as an illegal or corrupt practice, is made.

Section 2: Detection of corruption and fraud

10.0 Internal auditing

Independent auditing is a crucial process to ensure the integrity of ERF's financial activity. ERF subjects itself to a rigorous auditing process, overseen by its Board of Directors, and made available to the public for wider transparency.

ERF is committed to:

- producing full financial reports of ERF operations on an annual basis which are independently audited and comply with Australian accounting standards;
- publishing audited financial statements;
- including within the independent audit, the signature, qualifications and contact details of the auditor;
- attaching the financial statement to ERF's Annual Report publication;
- including within published financial statements a statement from the ERF Board of Directors confirming that the audit is compliant with Australian accounting standards and provides a fair and true account of ERF's financial position; and
- compiling evidence of the Board of Director's deliberation appraisal of ERF's financial position, as contained in meeting minutes.

11.0 External auditing of Partners

11.1 Financial reports

ERF also requires the programs it supports to undergo an independent auditing process and to produce financial statements. All financial statements are independently audited in compliance with international auditing standards.

At the end of the annual funding cycle, full financial reports must be accompanied by an Independent Auditor's Report and Auditor's Management Letter, certifying that the Program Finance Report is a true and fair view of the income and expenditure of the program. The independent auditor must hold in-country accreditation and must not be an employee of, or hold any other relation to, program staff. Financial reports are due by the 31st of January. External audits are due by the 31st of March.

11.2 Quarterly acquittal reports

A major vehicle through which ERF conducts monitoring and evaluation is the SmartyGrants online platform. ERF uses the platform to provide feedback and submit requests for further clarification when assessing Partners' online application forms and quarterly acquittal reports.

Implementing Partners who receive support and funding from ERF are required to provide detailed financial updates in quarterly acquittal reports. For each of their Projects that receive ERF funding, Partners are required to provide evidence of:

- a financial report;
- any income their Projects received during the quarter and the details of the income provider;
- budget versus actual expenditure for the 3-month period utilising the ERF-approved budget template;
- bank statements for the 3-month period;
- an extract of their general journals/ledgers;
- an extract of their trial balance sheet; and
- quarterly management accounts.

ERF conducts assessment of Partner's quarterly acquittal reports. The assessor allocates various ranks to indicate the reliability and transparency of Partners' financial reporting. If necessary, the assessor also provides feedback to the Partner which the Partner is then required to address in a follow-up acquittal process and through ongoing consultation with ERF Staff.

The following examples warrant an ERF assessor asking a Partner for clarifying information and depending on their response, performing an investigation of the Partner's finances:

- discrepancies between a Partner's approved budget and their provided financial documentation; and
- suspicious costing.

ERF reserves the right to withhold financial transfers until the Partner has satisfied their quarterly reporting requirements, including responding to ERF assessor requests for clarification.

11.3 Field monitoring

ERF conducts field monitoring of programs on a continuous basis.

Field monitoring visits are a unique opportunity for ERF Staff to obtain an in-person vantage point with which to observe, monitor and evaluate a Project. Information that ERF seeks to ascertain during its field monitoring includes:

- the operational effectiveness of the Project;
- the day-to-day/logistical activities of Staff;
- the Project's financial management;
- staff motivation;
- the degree of beneficiary involvement in the Project;
- the degree of beneficiary consultation with Project Staff; and
- the Project's relationship to the broader community.

Given that ERF only has Staff locations in a Brisbane and a Nairobi office, it is limited in the frequency of field monitoring that can be reasonably conducted. ERF seeks to conduct in-person field monitoring to each of its supported Programs once every 2-3 years.

ERF will engage external consultants to assist with performing a field visit where necessary. A field monitoring report is to be produced from each field visit conducted. To guide the construction of such a report is the Field Monitoring Report Template. ERF maintains the document Field Monitoring Register to keep track of field monitoring performed.

12.0 Receiving complaints of corruption and fraud

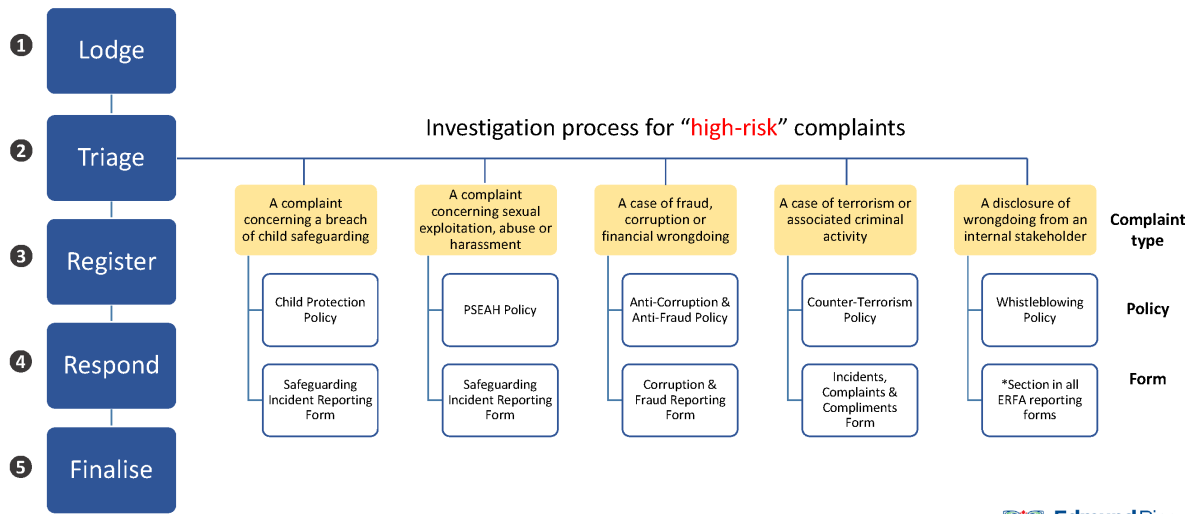
12.1 Links with ERF's Complaints Handling Policy

ERF's [Complaints Handling Policy](#) (CHP) is the first point of contact for all formal complaints submitted to ERF regarding its domestic operations or those of its partner programs. ERF's CHP specifies 5 stages through which complaints are processed: 1. Lodge, 2. Triage, 3. Register, 4. Respond and 5. Finalise. During the second "Triage" stage, a complaint will be classified as "high-risk" if it concerns, among other matters, a case of corruption or fraud. Once this classification is made, the ERF CEO is required to refer to this Anti-Corruption & Anti-Fraud Policy for guidance on how to proceed with registering, responding to and finalising the complaint.

The process by which the ERF CEO first consults ERF's CHP in the first 2 steps of the Complaints Handling Process and then escalates the complaint to a "high-risk" category is illustrated below.

Complaints Handling Process Flowchart:

Complaints handling flowchart



12.2 Registering fraud and corruption complaints

It is a requirement that a record be made within 24-hours of receiving a complaint concerning financial wrongdoing. This is to be done using Section 1 of the Corruption and Fraud Reporting Form: Initial Incident Report (see Section 14.0). It is the responsibility of the CEO and the Programs Director to oversee and manage the completion of the Corruption and Fraud Reporting Form. A record of the case is also to be made in the Financial Wrongdoing section of the Incidents, Complaints and Compliments Register (ICCR) as required (see Section 14.0). It is the responsibility of the CEO and the Programs Director to record cases of financial misconduct in the ICCR and to ensure the record is continuously updated throughout the course of an investigation process.

12.3 Protecting complainants

ERF takes particular care to protect the rights, needs and wishes of complainants. Reports of suspected corruption or fraud will be handled confidentially and the identity of the person making the report will not be revealed to the accused without their consent. Nor will any person making such report be penalised in any way. A complainant reserves the right to request that they remain anonymous during an investigation.

12.4 Responding to fraud and corruption complaints

The complainant will be informed that their complaint is being handled. If the complainant has provided their contact details, ERF will provide them with regular updates throughout the investigation procedure. The frequency and timeframe of such updates will vary depending on the subject matter of the disclosure.

For ERF's process in handling the substance of incidents of corruption and fraud, including those detected internally or externally, see Section 3: Responding to corruption and fraud.

12.5 Finalising fraud and corruption complaints

A report will be prepared for the Board when the investigation is complete, and the case closed. This is to be done using Section 3 of the Corruption and Fraud Reporting Form: Remediation Procedures and Lessons Learned (see Section 14.0). It is the responsibility of the CEO and the Programs Director to oversee and manage the completion of the Corruption and Fraud Reporting Form. The report will be provided to the complainant, including, if necessary, any applicable confidential stipulations.

Section 3: Responding to corruption and fraud

13.0 Investigation process

13.1 Investigating domestic cases of corruption and fraud

- The CEO will ensure that an investigation of the allegations is established and adequately resourced.
- Terms of Reference for the investigation will be drawn up to clarify the issues to be investigated and the scale of the investigation in proportion to the seriousness of the allegation(s). This includes necessary information that the CEO needs to gather before they can make a decision about how to ameliorate the conditions that led to the alleged incident.
- The CEO will seek to hear from all relevant witnesses of the complaint. Where the complainant's safety is not jeopardised by doing so, the CEO will require all relevant witnesses to complete their own reporting of the case. Where further detailed information is required, witnesses may be interviewed.
- The CEO will ensure the investigation is completed within a reasonable time depending on the circumstances and within no less than 90 days of the investigation's commencement, subject to extraordinary circumstances justifying extension beyond this time.
- The CEO will file all relevant documentation regarding the case, including emails, meeting minutes with the ERF Board of Directors and witness reports in ERF's designated database, SharePoint.

During the investigation procedure the ERF Board will adopt the following principles:

- The principles of procedural fairness (natural justice) will be observed. In particular, where adverse comment about a person is likely to be included in a report, the person affected will be given an opportunity to comment beforehand and any comments will be considered before Section 3 of the "Corruption and Fraud Reporting Form is finalised.
- The person or persons conducting the investigation will be as far as possible unbiased.

13.2 Investigating international cases of corruption and fraud

- The ERF CEO will liaise with the ERF Board to determine a course of action.
- The ERF CEO will contact the Governing Body of the Program where a case of financial wrongdoing is alleged to have occurred. The CEO will request that the Governing Body conduct their own investigation into the matter.
- The ERF CEO will provide guidance to the Program's Governing Body as required to assist with an investigation.
- The ERF CEO will continue to liaise with the Governing Body on a regular basis to discuss outcomes of the investigation.
- The ERF CEO will file all relevant documentation regarding the case, including emails, meeting minutes with the Program's Governing Body, meeting minutes with the ERF Board of Directors in ERF's designated database, SharePoint.
- At the completion of the investigation conducted by the Program's Governing Body, if the ERF Board of Directors is dissatisfied with any aspect of the investigation, including its conduct and recommended remediation procedures, they reserve the right to initiate a separate investigation and forensic audit.

13.3 Suspension of funding

Where there is an open investigation into a case of financial wrongdoing concerning one of ERF's international Partner Programs, ERF reserves the right to suspend funding to the Program until satisfied that:

- the investigation has been concluded;
- the misappropriated funds have been accounted for;
- individuals deemed to have committed fraud or corruption are no longer involved in the Program;

- remediation procedures have been implemented to prevent future cases of financial wrongdoing from occurring; and
- accuracy, transparency and honesty of the Program's financial conduct is confirmed.

Whilst prudential management of financial resources is one of ERF's top priorities, ERF is also conscious of the ethical duty it holds towards its funded Programs. The stakeholders of these Programs, including beneficiaries and staff, live in extremely vulnerable circumstances, and ERF is not prepared to suspend total funding amounts when their immediate wellbeing would be jeopardised as a result. This is especially the case when an incident of financial wrongdoing has yet to be confirmed or when the entire community of a Program would suffer because of the actions of a few.

As a result, the case for suspension of funding depends on various contextual factors:

- the nature of the Program concerned;
- the quantity and proportion of funding that ERF has committed to the Program;
- the point in the funding cycle when the case of financial wrongdoing is brought to ERF's attention;
- whether the Program has a past history of financial misconduct;
- ERF's confidence in the Program's ability to conduct an investigation of the case; and
- other extenuating circumstances that might increase the vulnerability of the Program's stakeholders.

To reconcile ERF's conflicting responsibility of responding to and limiting the damage of financial wrongdoing with the ethical responsibility it holds towards Program stakeholders, in certain circumstances, ERF reserves the right to conduct a one-off transfer to a Program where there is an ongoing investigation into a case of financial misconduct. This is to ensure that the Program can continue to function and that the stakeholders are not disproportionately hurt because of an action they themselves did not commit. This transfer is contingent upon the strict condition that all persons suspected or alleged to have committed or been otherwise connected to a case of financial misconduct are not involved in the current operation of the Program and have no way of accessing the funds to be transferred. To facilitate this transfer, ERF is prepared to work with the Program's Governing Authority to appoint an alternative suitable administrator who will handle the disbursement of funds within the Program.

14.0 Reporting process

14.1 Corruption & Fraud Reporting Form

ERF has constructed the document: Corruption & Fraud Reporting Form, which is to serve as a guiding procedure for how to document cases of financial misconduct, their investigation, progression, handling and eventual finalisation. It is a requirement that the Corruption & Fraud Reporting Form be completed for all cases of corruption and fraud, domestic or international. Transparent, structured reporting is crucial for cases of financial misconduct which can change rapidly. This is especially important for instances where ERF decides to conduct their own internal investigation into a case, for example, if new information comes to light, or if the ERF CEO is not satisfied with the external investigation conducted by an overseas Governing Body. In these instances, a secondary investigation process can build off the foundations already created by early reporting.

The form is divided into three sections:

- Section 1 - Initial Report: is used to record basic facts about a witnessed or suspected case of corruption or fraud. This section is to be completed when an incident of financial misconduct is first detected. It is to be completed only once with no further edits made to it.
- Section 2 – Investigation: is used to record updates to the investigation of a case of financial misconduct. This section is to be updated throughout the course of an investigation as required, for example, as new information comes to light.
- Section 3 - Remediation Procedures and Lessons Learnt: is used to record the handling of a

case of financial misconduct and the lessons learnt from the process. The report is to include a summary of the allegations, a statement of all relevant findings of fact and evidence upon which conclusions have been based, an account of the damage caused to relevant stakeholders, the remediation processes taken as well as recommendations for how ERF can strengthen its controls against financial misconduct in the future. This section is to be completed when an investigation into an incident of financial misconduct has been closed and ERF deems the case finalised. It is to be completed only once.

It is the responsibility of the ERF CEO and the Program's Director, together with the cooperation of the ERF Board of Directors, to manage and oversee the completion of all sections of the form (See Section 5.0).

14.2 Incidents, Complaints and Compliments Register

A record of cases of financial misconduct are also to be made in the Financial Wrongdoing section of the Incidents, Complaints and Compliments Register (ICCR) (see Section 13.0). It is the responsibility of the CEO and the Programs Director to record cases of financial misconduct in the ICCR and to ensure the record is continuously updated throughout the course of an investigation process.

Fields required to be filled out by the person managing the ICCR record include:

- date received;
- date of incident;
- program name;
- project name;
- person(s) to whom allegations are being made;
- summary of incident;
- involved parties;
- completion of reporting form section 1;
- estimation of financial losses;
- information to collect in an investigation;
- externally referred;
- completion of reporting form section 2;
- remediation procedures undertaken;
- outstanding issues;
- date closed;
- location of case in SharePoint; and
- completion of reporting form section 3.

14.3 Filing of documentation

Together with the formal reporting mechanisms of the Corruption & Fraud Reporting Form and the Incidents, Complaints and Compliments Register, informal documentation regarding a case, including emails, meeting minutes with Program Governing Bodies, meeting minutes with the ERF Board of Directors and witness reports, are to be filed in ERF's designated database, SharePoint. It is the responsibility of the CEO to file documentation relevant to a case of financial misconduct. They reserve the right to delegate this task to the Programs Director or the International Programs Manager (see Section 5.0).

15.0 Remedial actions

15.1 Termination of funding

As contained in ERF's funding contracts with Partners, ERF reserves the right to terminate funding. Only in exceptional cases or where a Partner Program has been unable to demonstrate its prudential management of financial resources would the ERF CEO, with the counsel of the ERF Board of Directors, consider terminating funding to a Program.

ERF's funding contract commits Partners to the following terms and conditions related to the

nullification of the Agreement:

- **17.1 Deemed Nullification**

This Agreement will be deemed nullified if ERF considers that events have occurred which breach the conditions of this MOU or are sufficient to defeat or substantially prevent or delay the achievement of the stated objectives of the Project as set out in the approved Partnership Funding Application.

- **17.2 Notice**

ERF must give notice to the Program Governing Body with an opportunity for the Program to respond and take curative action within 15 days in the event ERF considers this Agreement to be nullified.

- **17.3 Refund**

In the case of Nullification of this Agreement, the Program agrees to refund immediately to ERF the balance of any unspent Funding.

The funding contract also commits Partners to the following terms and conditions related to the termination of funding. As contained in Section 18.0, the Agreement may be terminated by ERF, by notice in writing, in the event of:

- **18.1** Failure of the Program to account for any or all of the funding provided.
- **18.2** Failure of the Program to meet its reporting obligations to ERF.
- **18.3** Where, on the basis of reporting or monitoring, and after consultation with the Program Governing Body, ERF determines that the purposes for which the funding has been provided have not or cannot be substantially met.
- **18.4** Where any offer, payment, consideration or benefit of any kind, which constitutes or could be construed as an illegal or corrupt practice, is made - either directly or indirectly - as an inducement or reward for the award or execution of the present MOU, Program or Projects funded pursuant to same.
- **18.5** Where a Program breaches or fails to comply with ERF policies.
- **18.6** In the case of mutual agreement between ERF and the Program Governing Body to terminate the Project.

15.2 Stepping down of Staff

Any attempted or committed case of corruption or fraud will be grounds for dismissal or the termination of the contract of the person(s) involved. Whether someone has engaged in financial misconduct will be determined through ERF's aforementioned investigation process (see Section 13.0 Investigation process). For domestic cases of corruption and fraud, the ERF CEO, in consultation with the Board of Directors, will terminate the contract of the person(s) deemed responsible. For international cases of corruption and fraud, the ERF CEO, in consultation with the Board of Directors, will liaise with the relevant Program's Governing Authority, to request that the person(s) deemed responsible are asked to stand down from the Program.

15.3 Reporting to authorities

The ERF CEO, in consultation with the Board of Directors, will decide whether to report cases of corruption or fraud to relevant external bodies. This includes the local police authority and/or the ACNC.

ERF will report suspected fraud or corruption involving DFAT funds to DFAT within five working days of detection, using DFAT's prescribed form.

16.0 Learning

ERF is committed to the continuous improvement of its financial controls. This means strengthening its capacity to prevent, detect and respond to cases of corruption and fraud. ERF adopts the following processes to assist learning and development:

- maintenance of the ICCR (see Section 14.2);

- maintenance of transparent and accessible records relating to cases of financial misconduct (see Section 14.3);
- an annual assessment of ERF's financial controls utilizing an appropriate tool (such as Humentum) and review by the Finance, Audit & Risk Committee to assess the strength of ERF's financial controls and discuss outcomes of monitoring and evaluation and compliance with this Anti-Corruption and Anti-Fraud Policy.
- regular training of ERF Staff and Stakeholders on the substance of this Anti-Corruption & Anti-Fraud Policy and related financial controls.

17.0 Resources

ERF recommends the following resources for anti-corruption and anti-bribery education and training for ERF Australia based personnel and in-country program personnel:

- [CPA Australia internal controls for NFP organisations](#)
- [DFAT Fraud Control Toolkit](#)
- [Transparency International corruption risk assessment for different countries](#)
- [Australian Federal Police - Foreign Bribery Fact Sheet](#)

18.0 Related ERF Policies and Documents

Related policies

- Complaints Handling Policy
- Counter-Terrorism Policy
- Corporate Credit Card Policy & Procedure
- Funding, Donations & Refunds Policy
- Risk Management Framework Policy
- Whistleblowing Policy

Related documents

- Incidents, Complaints & Compliments Register (ICCR)
- Corruption & Fraud Reporting Form
- Field Monitoring Report Template
- Field Monitoring Register

18.1 Links to other ERF policies

There are three identified means through which a case of corruption or fraud may come to the attention of ERF including:

- through the independent evaluation and auditing process that ERF requires all partner programs to undergo (see Sections 8.0 and 9.0); and
- through the lodgement of a complaint that notifies ERF of observed or suspected instances of corruption and fraud. Such a complaint could derive from within or outside the organisation (see Section 11.0).
- through field monitoring visits and spot checks conducted by ERF Staff or Contractors.

For cases of corruption and fraud that are brought to the attention of ERF via the means of a complaint, this Anti-Corruption and Anti-Fraud Policy is to be read in conjunction with ERF's [Complaints Handling Policy](#) (CHP). ERF's CHP serves as the first point of contact for all formal complaints submitted to ERF. A complaint deemed to concern a case of corruption or fraud is to be categorised as a "high-risk" complaint. In line with the complaints handling process set out in the CHP, the CEO is to refer to this Anti-Corruption and Anti-Fraud Policy for guidance on how to proceed.

For guidance on ERF's complaints handling principles, the roles and responsibilities of ERF Staff in completing the complaints handling process for how to lodge complaints, the survivor-centred approach that ERF adopts for stakeholders involved in a complaint, the available avenues for lodging

a complaint, the triage system for classifying complaints, as well as the processes of registering, responding to, and finalising complaints, please refer to ERF's [Complaints Handling Policy](#).

For guidance on ERF's approach to processing internal complaints lodged by an ERF Staff member, please refer to ERF's [Whistleblowing Policy](#).

For guidance on ERF's approach to preventing and mitigating cases of financial misconduct linked to terrorism and criminal activities, including terrorism financing and money laundering, please refer to ERF's [Counter-Terrorism Policy](#).