



FRAUD CONTROL POLICY

Policy number:	5	Version:	3
Drafted by:	Emma Newman	Approved by Board on:	
Responsible person:	Board of Management	Scheduled review date	17/09/2023

1. INTRODUCTION

- 1.1. **Educating The Future (ETF)** views fraud prevention as essential to the achievement of satisfactory outcomes for the organisation, its partner agencies and the communities which it serves. As ETF often operates in unpredictable environments, and with a wide array of individuals, this policy has been created to mitigate the risk of fraud occurring, and to mandate a process for investigating and managing any allegation of fraud.
- 1.2. Partnership The amelioration of this risk will allow ETF to deliver projects effectively and efficiently, to the satisfaction of our donors, and to the benefit of our community partners.

2. PURPOSE

- 2.1. The aim of this policy is to prevent fraud from internal and external agents dealing with the finances, reputation, intellectual property and all other aspects of ETF’s business.
- 2.2. ETF engages in a number of activities that have the potential to give rise to gradulent behaviour. These include, but are not limited to, the following:
 - Building partnerships with local and international communities
 - Overseas fund transfers to facilitate the completion of projects
 - Domestic fundraising activities
 - Sponsorship volunteer tours to Timor-Leste to support ETF’s activities

Fraudulent Activities Risks posed by these activities include, but are not limited to:

 - Theft and/or misappropriation of funds,
 - Partners or subcontractors not adhering to DFAT’s or ETF’s fraud policy
 - Conflict of Interests
 - Bribery
- 2.3. Cognisant of these risks, this policy shall aim to achieve the following:
 - Set out a process for dealing with allegations of fraud
 - Make internal and external stakeholders aware of those processes

3. PRINCIPLES

3.1. The following ETF Fraud Control principles underpin all activities entered into:

- *Fraud protection is everyone's business:* All members and stakeholders of ETF should be vigilant to potentially fraudulent behaviour.
- *Anticipate and manage the risk:* Develop strategies and plans to mitigate the risk of fraud, especially where financial transactions are involved.
- *Embed fraud protection:* A fraud protection evaluation should be embedded into existing business processes, especially in the production of business cases for projects or commissioning of fundraising projects.

4. MANAGING PARTNERS RESPONSIBILITIES

4.1. Board of Management

The Board of Management is responsible for Fraud Control in respect to:

- Setting the tone and approach to fraud protection, including ensuring that fraud protection safeguards are sound
- Approving and monitoring the fraud protection policy and system
- Identifying and agreeing on areas where fraudulent behaviour may arise and have significant impacts on Educating the Future's objectives and reputation
- Ensure that adequate fraud protection procedures are adopted to protect the assets and reputation of the organisation
- Ensure that ETF's legal counsel reviews fraud protection policies and procedures on a yearly basis
- Promote vigilance in the area of fraud protection, which encourages a similar attitude throughout the organisation

4.2. Finance, Audit and Risk Committee

The Finance, Audit and Risk (FAR) Committee is responsible for Fraud Control in respect to:

- Advising the Board on all matters pertaining to fraud protection
- Monitoring and reporting to the Board on the effectiveness of fraud protection policy and procedure
- Updating and amending this policy if the need arises
- Ensuring that the volunteer teams are adhering to this policy
- Communicating and reminding the volunteer teams of the content of this policy
- Ensuring due diligence of partners and reviewing partners compliance with ETF's fraud control policy.
- Ensuring that a fraud risk assessment and a fraud control strategy have been completed within one month of any Project Start Date.

- Reviewing and updating fraud protection analyses for present and future projects
- Analysing and assessing expenditure, including overseas transactions
- Keeping a record of all financial accounts, to monitor and identify abnormal transactions or discrepancies

4.3. Volunteers

All Volunteers are responsible for Fraud Control in respect to:

- Actively supporting and contributing to fraud protection initiatives
- Obeying reasonable direction with regards to fraud prevention
- Advising leadership and management of any issues pertaining to this policy or of any potentially fraudulent actions
- Acting in accordance with the procedures set out in this policy at all times
- Ensuring that they never personally engage in any fraudulent activities, or facilitate fraud by external parties.

5. FRAUD PROTECTION PROCESS

This procedure sets out the processes to be followed when identifying and assessing, formalising, managing and monitoring, and evaluating partners and partnership agreements. It also identifies those individuals and teams responsible for these activities.

5.1. Fraud Protection Process

- 5.1.1.** Members shall refer to any student volunteers, Committee members, Board Directors, and any other person howsoever contributing to ETF.
- 5.1.2.** For the purposes of this paragraph, Fraudulent Activity or Fraud means dishonesty obtaining a benefit, or causing a loss, by deception or other means, and includes incidents of attempted, alleged, suspected or deleted fraud.
- 5.1.3.** Educating the Future has implemented a three tiered approach to preventing and controlling fraudulent activities; Preventative Controls, Detective Controls and Corrective Controls
- 5.1.3.1. Preventative Controls are implemented through training members about Fraud and Fraud Prevention, ensuring all members have read and signed the Educating the Future Code of Conduct and Fraud Control Policy and ensuring that all members are informed of their responsibilities.
- 5.1.3.2. Detective Controls are implemented through the Finance Committee complete regular audits, record keeping of all financial accounts and transactions and an open reporting process. The Governance committee reviews site visits, phone calls and reviews the function and interaction of members.

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5.1.3.3. Corrective Controls are implemented through the Board of Directors to decrease the extent of the fraudulent activities.

5.1.4. Educating The Future must not and must ensure that its members or anyone acting on behalf of the organisation do not engage in any Fraudulent Activity. Responsibility for detecting and preventing fraud is shared between ETF's organisational structure and its individual volunteers.

5.1.5. If any member of ETF becomes aware of any Fraudulent Activity that person must report the matter to the Governance Committee immediately.

5.1.6. The Governance Committee must within five (5) business days report any suspected or real incidents of fraud to DFAT , and make the Board of Management aware immediately.

5.1.6.1. When reporting suspected or real incidents of Fraudulent Activities the 'Fraud Referral Form' located on the DFAT website must be used, and must be reported to the Fraud Control Section

5.1.6.2. When reporting suspected or real Terrorism Financing, all reports must be sent to The National Securites Hotline, DFAT Sanction Section and the Transnational Crime Section

5.1.7. The Governance Committee must respond within five (5) business days to any further requests for information by DFAT

5.1.8. ETF must investigate the alleged Fraud extensively, and in accordance with any requirements from partner agencies.

5.1.8.1. ETF must have access to an investigator that possess the minimum qualifications in the Australian Government Investigation Standards or an equivalent agreed to by DFAT

5.1.8.2. ETF must provide reasonable assistance should DFAT choose to appoint its own investigator

5.1.9. Following the conclusion of the investigation, ETF must:

- Take all reasonable steps to recover any defrauded assets.
- Refer the matter to the relevant police or other authorities responsible for the prosecution of Fraudulent Activity, unless the Board of Directors agree otherwise in writing.
 - Before reporting the matter to the appropriate authorities, ETF must consider if reporting the incident could compromise the safety of a person's life, or could significantly impact on them to an extent which would result in undue hardship, or could result in a disproportionate response to the circumstances. If these factors exist, ETF must seek an exemption from police reporting from FCS by contacting DFAT

6. POLICY REVIEW

- 6.1.** This policy enters into effect immediately.
- 6.2.** This policy shall be disseminated through an appropriate directive to all internal ETF stakeholders and necessary persons.
- 6.3.** The risk of Fraud will be monitored on a regular basis. If any new information arises which may strengthen this policy, it may duly be amended by the Governance Committee and approved by the Board of Directors.
- 6.4.** This policy will be reviewed on a bi-annual basis.

AUTHORISATION 1

<Signature of Managing Director>

<Name of Managing Director>

<Date>

AUTHORISATION 2

<Signature of Board Secretary>

<Date of approval by the Board>