



Policy Name:	Anti-fraud and Anti-corruption (Financial Wrongdoing)	Policy No.:	1.7
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# ANTI-FRAUD AND ANTI-CORRUPTION (FINANCIAL WRONGDOING) POLICY

## 1. SCOPE OF THE POLICY

This policy applies to all persons working for Business for Development (B4D) or on our behalf in any capacity including staff members, board members, contractors and partners. B4D recognises that management of financial wrongdoing is an integral part of good governance and management practice, and adopts the standards contained in the Australian Standard AS8001-2008: Fraud and Corruption Control.

## 2. DEFINITIONS

Definitions are provided in Appendix 1 and examples are provided in Appendix 2.

## 3. BUSINESS FOR DEVELOPMENT APPROACH

B4D develops and maintains a culture of honesty and integrity within the organisation, and puts in place processes that ensure the effective prevention, detection and management of fraud, corruption, terrorism financing and money laundering. To that end, B4D has adopted a zero-tolerance approach to financial wrongdoing in all its activities.

B4D recognises the risk that financial wrongdoing poses to its reputation, the trust and confidence of its stakeholders, and to its ability to undertake its work and meet its objective of tackling extreme poverty in rural communities through inclusive business.

B4D management and Board will demonstrate a high level of commitment to controlling the risk of financial wrongdoing within and by B4D. The B4D Board is responsible to ensure the implementation of and the reporting framework in respect to the effectiveness of internal controls to prevent and detect fraud, bribery, money laundering, terrorism financing and/or corruption. The CEO and Operations Manager, with the support of all within B4D, are responsible to ensure the effective implementation and monitoring of the B4D internal controls to prevent and detect fraud, bribery, money laundering, terrorism financing and/or corruption.

Anyone found to have engaged in any form of financial wrongdoing will be subject to disciplinary action.

B4D will identify, assess, document and control fraud risks associated with all activities, including programs and processes. B4D maintains preventive and detective systems, controls and strategies (including conducting appropriate screening of prospective employees and contractors) to protect its clients and staff members against the risks of fraud. B4D maintains systems aimed at quickly identifying instances of fraud and corruption in the event that



prevention strategies fail. As described in the “Reporting of a Concern Section” of this Policy, B4D ensures that there are adequate means for reporting suspicious or known illegal/unethical conduct, and that these means are widely known and available.

#### **4. ANTI-CORRUPTION**

B4D employs all legal and safe tactics to avoid and resist paying bribes, including facilitation payments to Public Officials, even if this results in denials, delays, inconvenience, and increased operational costs.

No member of the board or staff of B4D is permitted to pay or receive a bribe on behalf of B4D.

A person requesting a facilitation payment may claim it is legally required and payable. Any staff member faced with such a request should:

- make it clear that B4D does not allow such payments;
- ask to see written confirmation of the legal requirement to make the payment and/or to speak to a more senior official who can provide confirmation of the requirement;
- make it clear that the approval of a more senior official is required;
- make it clear that an official receipt will be required; and
- refuse to pay if these requirements are not met.

A staff member is permitted to make a payment in contravention of this policy to preserve health, safety or liberty. Such payment must be reported to the CEO as soon as possible.

Fraud and corruption matters are addressed in a range of B4D policies, processes, frameworks and/or action plans. A list of related policies that address the various elements of fraud and corruption are specified in Appendix 3.

#### **5. DUE DILIGENCE**

Before engaging with any client, suppliers, consultant, contractor and partner, B4D takes the necessary steps to prevent fraud, bribery, money laundering, terrorism financing and/or corruption. These steps include:

- financial and regulatory verifications (e.g. tax status, credit rating, beneficial ownership and related corporate entities, etc.)
- the name of the individual or organisation will be checked against the DFAT ‘Consolidated List’ of persons and entities subject to targeted financial sanctions imposed by resolution of the UN Security Council, and the Attorney-General’s Department ‘List of Terrorist Organisations’ as per Division 102 of the Criminal Code 1995. B4D will not engage with any individuals or organisations that appear on those lists.
- assessments in relation to financial wrongdoing risks. B4D responses to identified risks may include: deciding not to work with that individual or organisation; providing capacity strengthening support to that individual or organisation; working with the individual or organisation with additional controls (such as more frequent, smaller tranches of money sent, more frequent monitoring visits), or require further assurances from the organisation’s Board in writing via a duly executed agreement.



## 6. CONTRACT GOVERNANCE

All commercial arrangements must be clearly documented in writing and duly executed by B4D and the relevant party.

All new contracts, including renewals or amendments of existing contracts must include provisions indicating that all parties will comply with this policy or other party's equivalent.

## 7. COMPLIANCE WITH THE LAW

B4D will comply with domestic and applicable foreign laws relating to Fraud, Bribery and Corruption. If applicable, local and extra-territorial laws, codes of conduct or regulations are more restrictive than this Policy or Australian Laws, then B4D will comply with the more restrictive requirements.

## 8. GIFTS AND ENTERTAINMENT

Gifts and entertainment should never be used to influence business decision making.

B4D maintains a gift register.

*A gift may only be accepted when it is:*

- proportionate in the context; and
- does not create any sense of expectation or obligation; and
- it would be culturally inappropriate to refuse.

*A gift may only be offered when it is:*

- proportionate in the context; and
- does not create any sense of expectation or obligation.

*The following gifts may not be offered or accepted:*

- cash of any amount;
- any gift with a value exceeding \$20 (or equivalent in local currency);
- any entertainment worth more than \$50 (or equivalent in local currency);
- entertainment involving gambling, anything of a sexual nature or the exploitation of others.

Third parties must not be used to circumvent this policy.

If a gift is accepted it must be noted on B4D's gift register and retained by B4D, not the staff member who accepted the gift.

If any staff or board member is offered a gift other than those permitted under this policy, they should politely decline it on the basis that such gifts are not permitted.

In the event that inappropriate gifts are received without consent (such as via courier deliveries), they should be declared immediately and given to a senior staff member for return.

If a staff member believes it would be appropriate and reasonable to exceed the limits specified in 6.4 on a specific occasion, the staff member may seek the prior written approval of the CEO. This must be sought on a case by case basis and any approval given must be recorded in B4D's gift register.



Staff members are not permitted to donate to, or otherwise sponsor, any organisation, whether charitable or otherwise, that is related to a B4D client or partner.

## 9. AWARENESS

B4D will ensure that all staff and board members are made aware of this policy and understand their obligation to comply with it. In particular B4D will ensure that all staff and board members understand the importance of making themselves aware of:

- what is meant by fraud, bribery, money laundering, terrorism financing and corruption;
- how this policy applies to them;
- how to report concerns about financial wrongdoing.

All B4D staff and board members are required to complete and sign a zero tolerance declaration (Appendix 4).

## 10. REPORTING A CONCERN

In the event that B4D identifies conduct contrary to our anti-fraud and anti-corruption commitment, we will work with all relevant stakeholders to immediately rectify the situation and take action aimed at preventing future violations. We operate and implement continuous improvement protocols and are committed to increasing our capacity to identify and respond to concerns.

We encourage our staff members, board members, visitors, beneficiaries and members of the public to speak up, without retribution, about any concerns. We will not tolerate retaliation or reprisal against any workers, suppliers, or others for having reported suspected violations of this Policy.

B4D ensures all stakeholders and members of the public know how they can report a fraud, bribery, money laundering, terrorism financing and/or corruption concern in a simple, safe and accessible manner as noted below.

**Staff members with a concern:** Staff members should report their concern immediately to their manager or the Operations Manager. If the staff member does not feel comfortable reporting to the Operations Manager or their manager (for example if they feel that the report will not be taken seriously, or if those persons are implicated in the concern) they may report their concern to the CEO or the Board.

**Board members with a concern:** Board members should report concerns to the CEO or the Chair.

**Beneficiaries, visitors and members of the public with a concern:** B4D ensures that its beneficiaries, visitors, members of the public, partners and others know they can report a financial wrongdoing concern to any staff member and that their report will be treated in a safe and confidential manner.

As the concern may be about the behaviour of a B4D staff member or board member it is important that beneficiaries also have an alternative means of raising a concern. B4D ensures that its beneficiaries know they can also report their concern to the client who has engaged B4D. Clients typically always have a direct connection with beneficiaries and the local community.



Any staff member who receives a concern from a beneficiary, member of the public or from a client must report that concern immediately in accordance with the process that applies to any concern they might have themselves.

**In all instances:** A complaint can be made directly to the Chief Executive Officer:

Phone: +61 3 9008 9030

Email: [feedback@businessfordevelopment.org](mailto:feedback@businessfordevelopment.org)

B4D's Whistleblowing Policy applies and should be read in conjunction with this policy. This and other related policies that address fraud, bribery, money laundering, terrorism financing and/or corruption are listed in Appendix 3.

## **11. B4D ACTION WHERE FRAUD OR CORRUPTION IS REPORTED**

All reported or otherwise identified allegations, suspicions or concerns about fraud, bribery, money laundering, terrorism financing and/or corruption will be considered and investigated by the CEO and brought to the attention of the Board.

The CEO, in consultation with the Chair of the Board, will determine the appropriate action to be taken.

B4D will ensure that sound fraud investigations are conducted by appropriately skilled and experienced personnel. Appropriate personnel for the investigation may be a director or an external consultant. Alternatively, the investigation may be carried out by cooperation with an external law enforcement agency.

Reporting of any concerns as well as findings from any internal or external audit or other reviews undertaken will be reported to the Board Audit and Risk Committee immediately.

## **12. ADMINISTRATION**

This policy shall be subject to periodic review and revision. Any review shall have appropriate regard to the interests of B4D's stakeholders. The Operations Manager will manage the review of this Policy and staff members will be consulted in this process.

This policy will be publicly available on the B4D website ensuring accessibility for all relevant parties.

## **13. INSURANCE**

Provision of suitable professional insurance cover for any significant loss from fraud, bribery, and/or corruption remains the responsibility of the B4D CEO, Operations Manager and Board.



## APPENDIX 1. DEFINITIONS

Term	Definition
<b>Bribe</b>	"...the act of paying a secret commission to another individual..." [ <i>Australian Standard AS8001-2008 – Fraud and Corruption Control (AS8001-2008)</i> ]
<b>Corruption</b>	"...dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity..." [ <i>Australian Standard AS8001-2008 – Fraud and Corruption Control (AS8001-2008)</i> ].
<b>Financial Wrongdoing</b>	Behaviour that is illegal or immoral with regards to financial transactions. Includes bribery, corruption, fraud, money-laundering, terrorism financing and violation of sanctions imposed by the Australian government.
<b>Fraud</b>	"...dishonest activity causing actual or potential financial loss to any person including theft of money or other property by the entity employees or person external to the entity, whether or not deception is used at the time, and immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction, or use of falsified documentation used or intended for use for a normal business purpose or for improper use of information or position..." [ <i>Australian Standard AS8001-2008 – Fraud and Corruption Control (AS8001-2008)</i> ].
<b>Gift</b>	Goods, services or cash offered to or by staff or board members, or their friends or family or associates, at free or preferential rates. It includes invitations to attend events with a social aspect, such as meals as well as entertainment events such as shows or games, which are offered free of charge or at reduced rates.
<b>Money Laundering</b>	The process of concealing the origin, ownership or destination of illegally or dishonestly obtained money and hiding it within legitimate economic activities to make them appear legal. [ Transparency International Anti-Corruption Glossary <a href="https://www.transparency.org/glossary/term/money_laundering">https://www.transparency.org/glossary/term/money_laundering</a> ]
<b>Public Official</b>	Any person holding any legislative, executive, administrative or judicial office, whether he/she is appointed or elected, permanent or temporary, paid or unpaid.
<b>Staff</b>	B4D's staff members, contractors and consultants. It includes full time and part time ongoing staff members, staff members engaged for a fixed term under an employment contract, independent contractors and consultants.
<b>Terrorism Financing</b>	Intentionally providing or collecting funds and being reckless as to whether those funds would be used to facilitate or engage in a terrorist act. [ACFID Code of Conduct <a href="https://acfid.asn.au/content/general-definitions">https://acfid.asn.au/content/general-definitions</a> ]



## **APPENDIX 2. EXAMPLES OF FRAUD, CORRUPTION, TERRORISM FINANCING AND MONEY LAUNDERING**

The following are examples of fraud and bribery relevant to B4D's context. The list is by no mean exhaustive.

- A staff member requires or accepts kick-backs from partners for the grant of a contract
- A staff member submits false receipts in an expense claim
- A manager requires a payment for authorising an expense claim
- A staff or board member fails to disclose a conflict of interest with a partner, supplier or other staff member
- A staff member bribes an auditor to ignore or fail to report an audit finding
- A staff member colludes with a supplier to get a kickback on overpriced goods or services
- A staff member records transactions in the accounting records they know to be false
- A staff member knowingly posts entries to incorrect codes in order to conceal fraudulent payments
- A staff member driving on B4D business makes an unreceipted cash payment to a traffic officer to avoid a traffic offence fine, whether or not the expense is charged to B4D
- An unofficial payment is made to a Government Officer to be allowed access to work in a particular location
- An unofficial payment is made to the police or judiciary to facilitate the release from detention or dropping of charges against a B4D staff member or board member
- A senior B4D staff member requests someone who reports to them to pay for goods so that the senior staff member can avoid making an expenses claim for that item.
- A staff member transfers funds to listed terrorist entities or entities reported in the media as having links to terrorism
- A staff member using a third-party account (for example, a family members' account) to conduct transfers, deposits or withdrawals
- An unofficial payment is received by B4D from a third-party, with purpose of moving the money elsewhere



### **APPENDIX 3. ASSOCIATED POLICIES**

Code of Conduct

Conflict of Interest Policy

Crisis and Incident Handling Policy

Financial Controls Policy

Risk Management Framework

Whistleblowing Policy







## APPENDIX 4. ZERO TOLERANCE DECLARATION FORM

### Zero tolerance declaration

I, \_\_\_\_\_ (insert name), understand that B4D has a zero tolerance policy on fraud and corruption.

I understand that fraud includes a wide range of dishonest behaviour, including theft, making false statements, falsifying data, and using, for my own purposes and without permission, property that does not belong to me.

I understand that corruption includes a wide range of dishonest behaviour, including accepting or paying kickbacks and making unofficial payments to public officials.

I understand that, at B4D:

- fraud and corruption are never acceptable.
- all activities that B4D undertakes must be done with integrity.
- resources must be protected and their use maximised for the benefit of our beneficiaries.
- any employee found to have committed fraud or corruption will be subject to serious disciplinary action or termination of employment.

I understand that B4D strongly encourages me to speak up and report any genuine concerns or suspicions of fraud or corruption, sexual misconduct, harassment or illegal acts in the workplace.

I understand that I can report those suspicions to the CEO verbally or in writing.

I understand that I may report anonymously, but I am encouraged to give my name to make investigation possible.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_