

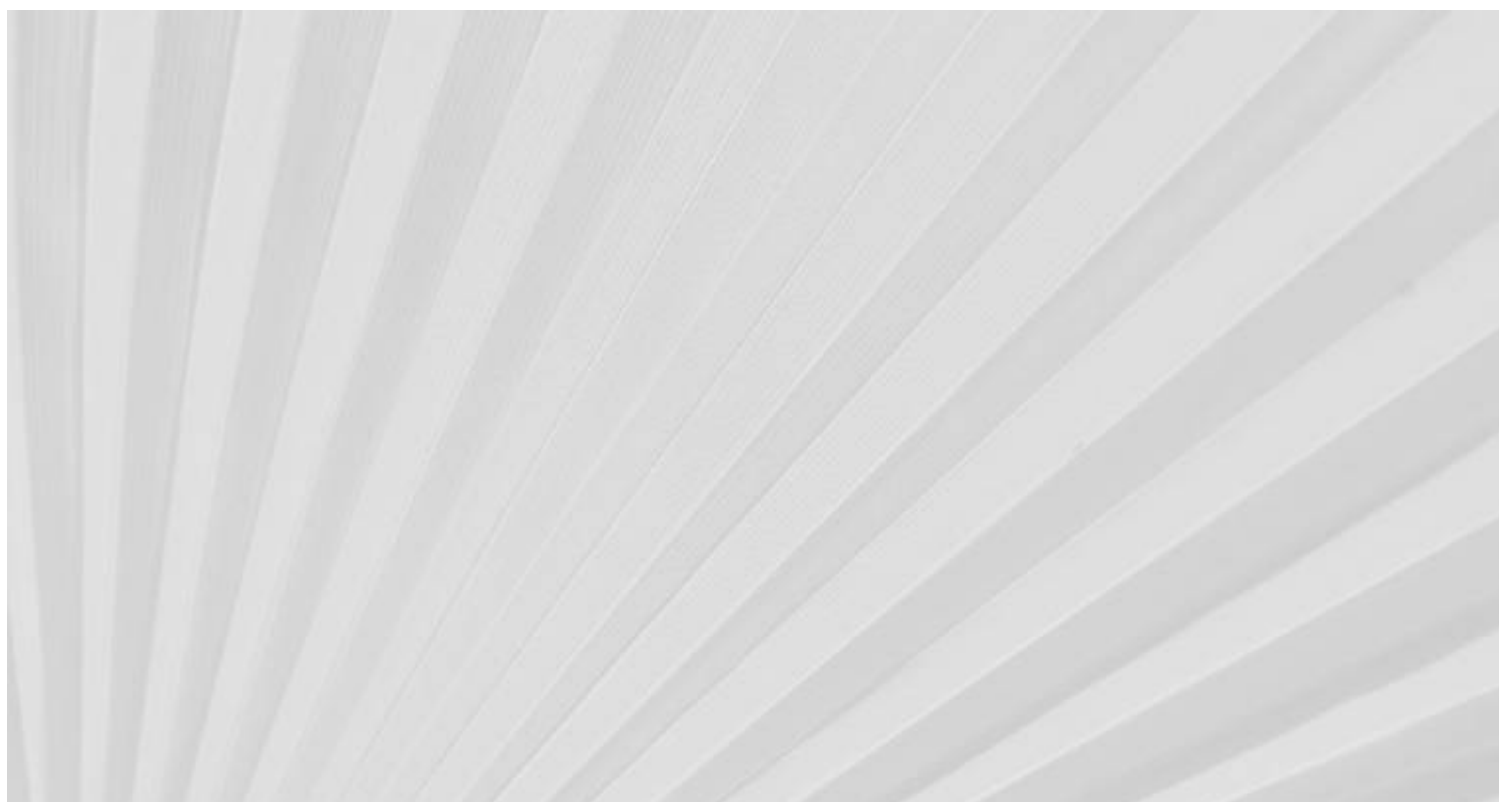


PALMERA

INNOVATING  
FOR SUSTAINABLE  
LIVELIHOODS

# Anti-Fraud and Anti -Corruption Policy

JUNE 2016, V3





## 1.1 Introduction

Palmera Projects (**Palmera**) has a zero tolerance policy towards fraud and corruption. We recognise that our work occurs in a challenging environment where there are risks of fraud and corruption, both overseas and in Australia. It is essential that we conduct a thorough risk analysis of our projects and implement our Anti-Fraud and Anti-Corruption Policy through our Operational Procedures to address this danger.

## 1.2 Definitions

For the purposes of this policy:

**Fraud** is defined as dishonestly obtaining a benefit, or causing a loss, by deception or other means.

A fraud can typically result in actual or potential financial loss to any person or entity however this is not always the case.

Examples of fraud can include (but are not limited to):

- The misappropriation of funds for private gain.
- Theft such as stealing property.
- Misuse of property e.g. office space for private gain.
- Bribery of foreign public officials to implement work.
- Diversion of aid to non-target groups.
- Preferential treatment for family and friends.
- Coercion or intimidation of staff, volunteers or beneficiaries to ignore or participate in corruption.
- Manipulating or falsifying financial or other documents for private gain.

"Private gain" can refer to individual benefits, as well as benefits received by communities, ethnic groups, religious groups, political organisations, corporations or militia.

**Corruption** is defined as dishonestly obtaining a benefit or undue advantage by misuse of power, position, authority or resources.

Examples of corruption can include (but are not limited to):

- 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;
- Preferential treatment for family and friends; and
- Privacy breaches or data manipulation with intent to cause harm.



## 1.3 Our commitment

Palmera recognises the importance of fraud and corruption prevention and aims to create an organisational culture that discourages any fraudulent or corrupt activities. Fraudulent and corrupt activity negatively impacts our beneficiaries, sponsors, staff and volunteers, partner organisations and seriously damages public confidence in our ability to undertake sustainable development work.

We are committed to preventing fraud and corruption through our strict policies of:

- Vetting staff, volunteers and our partner organisations according to the guidelines established in our Human Resources Policy.
- Educating staff and volunteers on fraud and corruption prevention.
- Ensuring our partner organisations implement fraud prevention through our Due Diligence, MOU (Memorandum of Understanding) and Engagement Processes, as outlined in the Projects Manual.
- Rigorously monitoring financial transactions.
- Rigorously monitoring project implementation, management and outcomes.
- Internal auditing.
- Fraud and corruption detection, reporting and investigation.

## 1.4 Scope of Policy

Palmera recognises that the prevention and detection of fraud and corruption is the responsibility of every member of our organisation, including directors, staff and volunteers, as well as our overseas partner organisations. As such, it is the responsibility of the Palmera Board to create an ethical culture encouraging fraud and corruption prevention. All our staff and volunteers must sign a Statement of Commitment declaring that they abide by our Anti-Fraud and Anti-Corruption Policy and understand that it is their responsibility to prevent fraud or corruption by reporting suspected incidents according to our Whistle-Blowing Policy.

## 1.5 Preventing Fraud and corruption

Palmera strives to create an environment that encourages fraud and corruption prevention. Staff and volunteers are recruited according to strict guidelines that ensure appropriate reference checks are made, as can be read in our Human Resources Policy. Additionally, staff and volunteers must sign a Statement of Commitment declaring that they understand Palmera's organisational values and understand what is expected of them in their role. Similarly, we undergo an extensive process of due diligence before working with our overseas partner organisations in the project implementation process, which ensures our partner organisations share our values, governance and anti-fraud and anti-corruption policies.

We are committed to providing staff, volunteers and partner organisations with induction training in conduct, ethics and fraud or corruption awareness and prevention. Given our relatively small organisational size, we ensure staff and volunteers remain aware of our Anti-Fraud and Anti-Corruption Policy through continual engagement on this issue between employees and senior staff.

We have policy in place to rigorously monitor financial transactions, as is outlined in our Finance Manual. We employ an effective financial management program that allows us to record, track and reconcile donation revenue with assigned project funds. Annual budgets are prepared at the start of each financial year and tracked monthly to detect any variance in budget. Budget reviews are undertaken each half-year. All expenditure has dual authorization and is documented on an authorization form.

Palmera also rigorously monitors the design, implementation, management and results of our overseas projects according to the Project Monitoring Section of our Projects Manual. We believe that monitoring and evaluation is a crucial part of determining the success of our projects and partners, and a key part of our measures of success is ensuring fraud or corruption does not occur. This includes:



- A process where Palmera works with the Partner to complete the Organisation & Project Due Diligence forms, including the Project Plan and Project Budget.
- A process during and after the project where Palmera conducts monitoring discussions with the Program Coordinator of our Partner Organisation. This monitoring includes internal monitoring from Palmera representatives on-site, as well as independent third party monitoring on-site. The frequency of the monitoring varies according to the type of project undertaken however our usual standard is at three month intervals during the project, and at six and twelve months after the project has finished.

Palmera additionally undergoes periodic internal auditing processes. At least once every year, the accounts of the organisation are examined by an external qualified auditor, who must report to the Members in accordance with the Corporations Act 2001 (Cth) and Australian Charities and Not-for-profits Commission 2012 (Cth).

## 1.6 Investigating Fraud and Corruption

Palmera aims to create a culture that encourages fraud and corruption detection, ensures that whistle-blowers are protected, and investigates allegations in a rigorous and impartial manner. Training is provided for staff and volunteers regarding fraud and corruption detection. Our Whistle-Blowing Policy clearly outlines the mechanism through which staff and volunteers must report allegations of fraud or corruption, and our staff and volunteers sign a Statement of Commitment declaring their promise to do this. We are committed to ensuring no negative outcomes occur for whistle-blowers acting in good faith. Investigations must be completed in a confidential, prompt and professional manner according to established guidelines. If allegations of fraud or corruption are proved to be correct, Palmera is committed to taking disciplinary action in a transparent and fair manner.

## 1.7 Reporting Fraud and Corruption

Palmera has a “zero tolerance” attitude towards fraudulent or corrupt behaviour. This means that any case of alleged, suspected or detected fraud or corruption must be reported immediately to the CEO and the Palmera Board.

Palmera will

- Investigate all reported cases of alleged, suspected or detected fraud and corruption;
- Prosecute or apply other appropriate sanctions against those who have committed fraud or corruption; and
- Seek the recovery of misappropriated funds or assets wherever possible including pursuing prosecutorial or administrative action.

Where the funds defrauded relate to institutional donors, such as the Australian Government, the donor should be informed in accordance with contractual requirements.

## 1.8 Document Control

Date created	2014
Date last reviewed and updated	October 2016
Signed off by	
Approved by board (if necessary)	Yes
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Date	Version	Revision Description	Reviewed/Updated by
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