

## FRAUD AND CORRUPTION PREVENTION POLICY

ORGANISATION:	Kokoda Track Foundation
ACN:	103 660 948
POLICY TITLE:	Fraud and Corruption Prevention
VERSION:	6.0
STATUS:	Final
ALLIED POLICIES / PROCEDURES:	Code of Conduct Financial Controls Policy Financial Risk Management Policy Donations, Fundraising & Refunds Policy Counter Terrorism & Anti-Money Laundering Policy Partnership Commitment Policy Human Resources Policy Whistleblower Policy
OWNER:	Senior Management
APPROVED BY:	CEO
LAST UPDATE:	27.03.2023
NEXT REVIEW DATE:	27.03.2025



### PURPOSE:

The purpose of this policy is to:

- Outline Kokoda Track Foundation's (KTF) commitment to maintaining an organisation free from fraud, corrupt conduct, maladministration, money laundering, modern slavery and serious and substantial waste of public money
- Make a clear statement that such conduct will not be tolerated
- Provide guidance about what constitutes fraud, corrupt conduct, maladministration, money laundering, modern slavery and serious and substantial waste of public money
- Detail the obligations and responsibilities of staff and board members (including particular responsibilities for managers and board members) in relation to preventing fraud, corrupt conduct, maladministration, money laundering, modern slavery and / or serious and substantial waste of public money
- Outline the consequences for people who engage in such conduct
- Encourage all staff and affiliates to report any incidents of conduct covered by this policy

### SCOPE:

This policy applies to all board directors, staff, volunteers, subcontractors, consultants, representatives, partners and affiliates of KTF. It applies to all work performed and duties carried out for KTF, as well as related activities, such as work-related functions, travel, conferences and any other circumstances when a person is representing KTF.

This policy focuses on activities and / or conduct, which could constitute fraud, corrupt conduct, maladministration, money laundering, modern slavery or the serious and substantial waste of public money. Such conduct amounts to an extremely serious breach of KTF's values and associated policies and procedures. This policy must be read in conjunction with KTF's code of conduct and other policies, procedures and standards regulating conduct, performance and behaviour.

Actual or alleged fraud, corrupt conduct, maladministration, money laundering, modern slavery and serious and substantial waste of public money may have serious reputational damage to KTF and its programs.

## POLICY:

It is strictly prohibited for any KTF representatives (board directors, staff, volunteers, subcontractors, consultants, partners and other representatives) to engage in, participate in, cover up or in any way assist in, fraud, corrupt conduct, maladministration, money laundering or serious and substantial waste of public money.

If any KTF representative engages in, participates in, covers up or in any way assists in such conduct, which will invariably be a breach of KTF's code of conduct, KTF will take disciplinary action, which may include termination of employment or engagement, and/or criminal prosecution.

If KTF becomes aware of allegations of corruption, fraud, maladministration, money laundering, modern slavery or serious and substantial waste of public money, KTF will investigate the allegations. The level of inquiry will depend on the seriousness of the issue. KTF may also notify the Police (in PNG and/or Australia), the Independent Commission Against Corruption (Australia), the PNG Internal Revenue Commission (IRC) Commissioner, the Australian Department of Foreign Affairs and Trade, and / or other relevant government agencies as required under legislation.

To ensure appropriate expertise and adherence to investigation standards, KTF will appoint individual(s) who are impartial and who possess appropriate skill, as part of the investigation process.

## DEFINITIONS:

**Corrupt Conduct:** Has a specific definition as set out in the Independent Commission Against Corruption Act 1988 (NSW). However, a working definition of corrupt conduct is the dishonest exercise of official function by an employee or representative. For example, this could include:

- Improper use of knowledge, power or position for personal gain or the advantage of others;
- Acting dishonestly or unfairly, or breaching public trust;
- Influencing another individual to use their position in a way that is dishonest, biased or breaches public trust;
- Offer, payment, solicitation or receipt of secret commissions / bribes, either in money or other form of value;
- Manipulation of the procurement process by providing misleading information to the tenders / bidders / suppliers;
- Payment or solicitation of donations for an improper political purpose;

**Fraud:** Fraud is a recognised subset of corruption. The Australian Standard on Fraud and Corruption Control defines fraud as:

“Dishonest activity causing actual or potential financial loss to any person or entity including theft of money or other property by employees or persons external to the entity and whether or not deception is used at the time, 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 the improper use of information or position”.

Example of fraud include but are not limited to:

- theft of moneys or property;
- credit card fraud involving the unauthorised use of a credit card issued to another person;
- deliberate falsification, concealment, destruction or use of falsified documentation;
- false invoicing (i.e., creating a fictitious invoice claiming payment for goods and services not delivered or falsely charging GST while not entitled to)

**Maladministration:** Is conduct that involves action or inaction of a serious nature that is contrary to the law, unreasonable, unjust, oppressive or improperly discriminatory or based wholly or partly on improper motives.

**Bribery:** Is the promise or delivery of a benefit in order to influence the receiver's behaviour. Usually the behaviour expected of the person receiving the bribe is illegal and unethical in nature and would not be something they would usually do. However the return behaviour itself does not have to be illegal or unethical in order for it to fall within the definition of bribery.

**Facilitation Payments:** Are low-value payments designed to speed up the actions of a service provider or supplier.

**Conflict of Interest:** Is a situation where an individual or an organisation has multiple interests, one of which may improperly influence the performance of that individual's or that organisation's duties and responsibilities. (See KTF's aligned Conflict of Interest Policy)

**Money Laundering:** Is 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. For example, this could include:

- Payments to phantom names;
- Incorrect charging and overpayment for services/goods delivered/provided;
- Payments for contracts where goods and services are not delivered;
- Transfer of funds to jurisdictions with opaque financial systems or to tax havens.

**Modern slavery:** Is the severe exploitation of other people for personal or commercial gain. For example, this could include human trafficking, forced labour, child labour, forced and early marriage, and slavery-like practice. At the date of this policy, KTF is not a reporting entity under the definition of the Modern Slavery Act 2018 (Cth) or Modern Slavery Act 2018 (NSW). The Modern Slavery statement is not required. Nevertheless, KTF adopts robust high level of monitoring and assessment of risks and is committed to ongoing due diligence in procurement and contract management and training of staff and representatives of Modern Slavery Act requirements.

**Serious and substantial waste of public money:** Involves the uneconomical, inefficient or ineffective use of resources which results in loss / wastage of public funds / resources. In addressing any report of serious and substantial waste regard will be given to the nature and materiality of the waste.

#### POSSIBLE AREAS OF POTENTIAL FRAUD AND CORRUPTION:

Fraud and corruption can potentially occur in different areas of an organisation. Some examples of conduct, which could constitute fraud, corrupt conduct, maladministration, or serious and substantial waste of public money is included below. This is not an exhaustive list and examples are not mutually exclusive to a particular area:

Area	Example
Misuse of KTF assets	<ul style="list-style-type: none"><li>• Use of KTF's funds and resources for personal use</li><li>• Unauthorised sale of KTF's assets for personal gain</li><li>• Theft of money or KTF assets, including intellectual properties</li></ul>
Travel	<ul style="list-style-type: none"><li>• Luxurious, indulgent or excessive expenditure</li><li>• Inflated and/or false expense claims</li></ul>
IT asset and security	<ul style="list-style-type: none"><li>• Misappropriation, or the unauthorised or unlawful destruction of data</li><li>• Unauthorised or unlawful alteration of data</li><li>• Sharing of usernames and passwords</li><li>• Unauthorised access of data</li></ul>
Regulatory compliance	<ul style="list-style-type: none"><li>• Providing false or misleading information</li><li>• Failing to provide information where there is a legal obligation to do so</li><li>• Accepting bribes</li></ul>

	<ul style="list-style-type: none"> <li>• Bribing government officials (in Australia or in-country) for any reason, including in order to secure a contract for the supply of goods or services for KTF</li> <li>• Assisting money laundering by moving money or property across borders</li> <li>• Causing, engaging in, or being directly linked to modern slavery in any forms of human trafficking, forced labour, and slavery-like practice</li> </ul>
Personnel records / confidential information / privacy	<ul style="list-style-type: none"> <li>• Use or disclosure of personal information for an improper purpose</li> <li>• Unauthorised or unlawful alteration of personal information</li> <li>• Unauthorised access of personal information</li> <li>• Failure to act with care and diligence in managing and dealing with confidential information</li> </ul>
Salaries, wages, allowances	<ul style="list-style-type: none"> <li>• Payments to phantom employees</li> <li>• Payment to an employee for tasks not performed</li> <li>• Payment to an employee for skills they do not have</li> </ul>
Contract management	<ul style="list-style-type: none"> <li>• Accepting or paying bribes and/or kickbacks from suppliers</li> <li>• Negligent or deliberate mis-management of contracts which may include non-compliance with contract schedules or rates, misrepresentation of dates, description of services or identities of contract providers</li> <li>• Incorrect charging of labour and material, misuse of assets or product substitution (substituting a product for one of lesser quality)</li> <li>• Negligence, misconduct, or failure to act with care and diligence causing material financial or non-financial loss to KTF</li> </ul>
Tendering	<ul style="list-style-type: none"> <li>• Failure to comply with tender procedures</li> <li>• Manipulating a tender process to achieve a desired outcome</li> <li>• Unauthorised or improper release of pricing or other tendering information</li> <li>• Non-compliance with the Conflict of Interest Policy</li> </ul>
Cheques, credit cards, EFTPOS	<ul style="list-style-type: none"> <li>• Making or using forged or falsified documents or signatures</li> <li>• Failure to deposit cheques to KTF bank account as intended</li> <li>• Misuse of credit card or credit card details that belong to another person</li> <li>• Altering EFTPOS system and settings to direct payment to another person or entity without authorisation</li> </ul>
Purchases and accounts payable	<ul style="list-style-type: none"> <li>• Failure to comply with tender procedures</li> <li>• Entering into a commercial transaction where there is a conflict of interest (without complying with the Conflict of Interest Policy)</li> <li>• Invoice and purchase order splitting to circumvent procedures or delegation levels</li> <li>• Creation and payments made to ghost suppliers</li> <li>• Altering invoice details and banking details to direct payment to another person or entity without authorisation</li> </ul>
Conflicts of interest	<ul style="list-style-type: none"> <li>• Failing to disclose an actual, perceived or potential conflict of interest contrary to KTF's Conflict of Interest Policy</li> <li>• Failing to actively manage a disclosed conflict of interest</li> <li>• Allowing a conflict of interest to undermine your independence</li> <li>• Receiving a personal benefit for assisting a person or entity to gain work or business at KTF</li> <li>• Appointing a person to a position due to personal relationships or motives other than merit</li> </ul>

#### POTENTIAL HIGH RISK AREAS AND ACTIVITIES:

The following areas and activities may be high risk. Staff or other KTF representatives working in these areas or performing these activities should use particular caution:

- Procurement of goods and services
- Recruitment
- IT system access, data management and contracting for IT supplies and services

- Financial and accounting activities
- Paid outside work
- Payroll
- Management of external supplies and service providers

#### OBLIGATIONS AND RESPONSIBILITIES:

In order to ensure that KTF conducts itself and carries out its duties and activities free from fraud, corrupt conduct, maladministration, money laundering, modern slavery and the serious and substantial waste of public money, all KTF representatives must ensure compliance with the following obligations and responsibilities.

#### STAFF AND VOLUNTEERS:

All staff, contractors and volunteers must not:

- Engage in, participate in, cover up or in any way assist in (including by failing to act) any form of fraud, corrupt conduct, maladministration, money laundering, modern slavery or serious and substantial waste of public money;
- Engage in, participate in, cover up or in any way assist (including failing to act) any behaviour or conduct which involves or may be perceived as victimization, bullying, harassment or any other form of reprisal action against:
  - Another staff member or volunteer who makes a report of wrongdoing covered by this Policy
  - Any person against whom allegations of wrongdoing have been made, if the results of the internal inquiry or investigation show they were not implicated in improper behaviour.

All staff and volunteers must:

- Comply with the internal controls, systems, relevant policies and directions as applicable to them when relation to carrying out their duties and functions;
- Familiarise themselves with this policy and comply with their obligations and duties under this policy;
- Report any incidents they become aware of involving (or which they reasonably believe involves) fraud, corrupt conduct, maladministration, money laundering, modern slavery or the serious and substantial waste of public money;
- Report any conduct that they reasonably believe constitutes detrimental or reprisal action against a person who has made a report of wrongdoing.

#### ADDITIONAL RESPONSIBILITIES OF MANAGERS AND BOARD:

In addition to the general obligations, managers and board directors have the following additional responsibilities.

Managers and directors must:

- Ensure that those reporting to them comply with the internal controls, systems, relevant policies and directions in relation to carrying out their duties or functions;
- Treat seriously all reports of alleged fraud, corrupt conduct, maladministration, money laundering, modern slavery or serious and substantial waste of public money;
- Investigate and respond to any reports of alleged fraud, corrupt conduct, maladministration, money laundering, modern slavery or serious and substantial waste of public money.

#### REPORTING AND INVESTIGATION PROCESS:

1. All those who participate in the work of KTF as articulated in the Scope of this policy, have a duty to report concerns they have, or information provided to them, about any possible fraudulent or corrupt activity of any

staff, Board member, contractor, vendor, implementing partner or any other funding recipients with an association with KTF including across all PNG projects.

2. Staff or other KTF representatives that come forward and report incidents of wrongdoing are helping to promote integrity, accountability and good management within KTF. Staff should report conduct, which involves (or which they reasonably believe may involve) fraud, corrupt conduct, maladministration, bribery, facilitation payments, money laundering, modern slavery or serious and substantial waste of public money;
3. Staff aware of fraudulent or corrupt conduct are required to report the incident to their line manager, or the COO. If the claim is to be made against the CEO, then reports are made to the Chairman. Staff or other KTF representatives are to document the allegation by completing KTF's Fraud and Financial Incident Notification Tool.
4. Reports of corrupt activity received by CEO or senior management are to be forwarded to the Board of Directors. The Board of Directors will oversee necessary investigations relating to any fraud and corruption reports and a responsible and independent appointed officer will conduct the investigation. The outcome of an investigation will be reported to the Board of Directors and senior management for action (where necessary);
5. In the event that allegations of fraud or corruption are substantiated, the Board may elect to prosecute the person responsible. Senior management will also conduct a review of the area in which the fraud or corruption is alleged to have occurred to determine the cause for any breakdown in controls, and will effect changes to systems and procedures if necessary. It is the responsibility of senior management to implement any recommendations made as a result of the investigation.

#### REPORTING CHANNELS

Reports of breaches to this policy can be made by contacting the following people:

KTF's CEO can be contacted on: [gen.nelson@kokodatrackfoundation.org](mailto:gen.nelson@kokodatrackfoundation.org)

KTF's COO can be contacted on: [mike@kokodatrackfoundation.org](mailto:mike@kokodatrackfoundation.org)

KTF's CFO can be contacted on: [alwin@kokodatrackfoundation.org](mailto:alwin@kokodatrackfoundation.org)

KTF's Chair of the Finance, Audit & Risk Management Committee can be contacted on:

[admin@kokodatrackfoundation.org](mailto:admin@kokodatrackfoundation.org) or (02) 9252 2992

Anonymous complaints can be made via KTF's website: <https://www.ktf.ngo/feedback-complaints>

General KTF Phone: +61 2 9252 2992 OR +61 418 811 748

General Postal Address: PO Box 184 Balmain NSW Australia 2041 OR PO Box 928 Port Moresby NCD Papua New Guinea

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