

UNICEF AUSTRALIA – FRAUD AND CORRUPTION POLICY

1. Purpose

An instance of fraud occurring within UNICEF Australia’s operations or their Supported Programs can deplete funds and other resources intended to support UNICEF Australia’s mission and mandate. The existence or suspicion of fraud can also have a significant adverse effect on UNICEF Australia’s brand and reputation.

This policy outlines the framework and related procedures for preventing, identifying, reporting and responding to fraud, both within UNICEF Australia, the programs we support and the Country Offices & Implementing Partners whom implement them.

This Fraud and Corruption Policy forms part of, and should be read in conjunction with, the UNICEF Australia Risk Management Policy.

The policy is guided by the UNICEF Policy Prohibiting and Combatting Fraud and Corruption.

2. Application

This policy applies to all UNICEF Australia staff members, volunteers, consultants, institutional contractors, and other non-staff personnel; as well as UNICEF Australia Supported Programs, and the Country Offices and Implementing Partners through which these programs are implemented.

Where UNICEF Australia supports programs other than its Directly Supported Programs, it is the responsibility of the relevant Country Office to conduct fraud prevention, identification and reporting processes in accordance with the UNICEF Policy Prohibiting and Combatting Fraud and Corruption. As outlined below, UNICEF Australia maintains limited responsibility for counter fraud activities for non-Directly Supported Programs related activities.

3. Definitions

- 3.1 Partner Country Office:** A UNICEF Country Office with whom UNICEF Australia holds a signed Letter of Acknowledgement and a minimum of one active Directly Supported Program.
- 3.2 Supported Program/s:** Any program for which UNICEF Australia remits funds including through Regular Resources and Directly Supported Programs.
- 3.3 Directly Supported Program/s:** Any program for which UNICEF Australia remits funds as OR-Non thematic, according to a specific program proposal from the UNICEF Country Office.
- 3.4 Implementing Partner/s:** Any NGO/s or CSO/s which are responsible for collaborative implementation of the program activities in relation to the Directly Supported Program. This includes any organisation with which UNICEF has a Program Cooperation Agreement or Small Scale Funding Agreement with respect to or including the Directly Supported Program. This does not include collaborative arrangements under an MOU where the CSO utilises its existing resources and there is no transfer of cash or supplies.
- 3.5 Fraud:** Includes each of the following five practices (with associated definitions):

- i) corrupt practice means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;
- ii) fraudulent practice means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- iii) coercive practice means the impairing or harming, or threatening to impair or harm, directly or indirectly, of any party or the property of the party to influence improperly the actions of a party;
- iv) collusive practice means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party; and
- v) obstructive practice means both (A) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, and (B) acts intended to materially impede the exercise of inspection and audit rights.

4. Policy Statement

UNICEF Australia has zero tolerance for all forms of fraud including corrupt, fraudulent, coercive, collusive and/or obstructive practice. All credible allegations of fraud involving UNICEF Australia, related Country Offices and/or Implementing Partners will be investigated and appropriate steps will be taken in response.

UNICEF Australia staff members and non-staff personnel are not to engage in fraud.

- Fraud, regardless of who this is committed against, will constitute misconduct and will be grounds for dismissal. It may lead to actions to recover any losses sustained by UNICEF Australia as a result of such fraud (including referral to law enforcement authorities).

Country Offices & Implementing Partners are not to engage in fraud.

- Any fraud found to be committed by a Country Office and/or Implementing Partner may result in funding being discontinued for those Supported Programs managed/delivered by those partners.
- As a matter of policy and procedure, UNICEF Australia has streamlined fraud and corruption prevention, identification, review and reporting process through the utilisation of the policies and procedures of UNICEF.

5. Procedures

Fraud Prevention Procedures

Within Australia

- 5.1 All UNICEF Australia staff will be made aware of this policy and their responsibility to report instances or suspicions of fraud involving UNICEF Australia to the Chief Operating Officer (COO), or in their absence, the Chief Executive Officer (CEO).
- 5.2 It is the responsibility of the COO to ensure that all staff are adequately trained in understanding, identifying and (where possible) mitigating fraud and corruption on an operational level.

UNICEF Country Offices

- 5.3 In collaboration with the FC, UNICEF Australia International Programs staff verify partner financial management capacity through UNICEF Office of Internal Audit and Investigation (OIAI) audit reports of Partner Country Offices. These reports are publicly available on the internet.¹
- 5.4 In accordance with the UN Harmonized Approach to Cash Transfers (HACT) framework, Country Offices are responsible for conducting screening of the capacity and compliance of any implementing partners. UNICEF Australia will identify any implementing partners for Directly Supported Programs and verify that relevant screening has been conducted. UA will also request copies of those organisations' financial management, fraud and corruption policies where applicable and relevant.
- 5.5 Where possible, UNICEF Australia will work with the Partner Country Office to identify opportunities for the training of partner staff in financial management best practice and strategies to mitigate and/or respond to financial mismanagement.

Fraud Identification Procedures

Within Australia

- 5.6 Fraud may be identified or reasonably suspected by a member of staff, or other non-staff personal at any point, at which time they are required to report these in accordance with the reporting procedures.
- 5.7 UNICEF Australia may also identify fraud through proactive procedures carried out during the year. Specific procedures to identify fraud and management override of controls are undertaken on an annual basis as part of the external audit with any outcomes being communicated to the Audit & Risk Committee.

UNICEF Country Offices

- 5.8 UNICEF Australia staff, volunteers, consultants, institutional contractors and other non-staff personnel may identify or reasonably suspect fraud whilst on field visits to Supported Programs or through correspondence with Country Office and/or Implementing Partner staff members.

For Directly Supported Programs:

¹ http://www.unicef.org/auditandinvestigation/index_65818.html

- 5.9 Instances of fraud may be identified or reasonably suspected through ongoing assurance activities completed by Partner Country Offices in accordance with the HACT framework. These activities include programmatic visits, spot checks and scheduled audits.
- 5.10 UNICEF Australia staff may identify fraud through review of regular narrative and financial reporting from Country Offices including annual financial statements certified by the UNICEF Comptroller.

Reporting Procedures

Within Australia

- 5.11 UNICEF Australia staff members, volunteers, consultants, institutional contractors and other non-staff personnel are required to report instances or suspicions of fraud involving UNICEF Australia to the COO, or in their absence the CEO. Reports must be made in good faith and be as thorough as possible. False or malicious allegations may result in disciplinary actions.
- 5.12 Where it is not possible or appropriate to report suspicion of fraud to the COO or FC, reports should be raised directly with the chair of the audit and risk committee – Colin Storrie cstorrie@woolworths.com.au.
- 5.13 All reports will be treated confidentially. Anyone may report suspicion of fraud without fear of retaliation. Any action that appears to be taken in retaliation for a good faith report of fraud will be thoroughly investigated. Retaliatory acts may give rise to disciplinary action up to and including dismissal (in the case of employees and volunteers), or termination of contract (in the case of consultants or non-staff personnel).
- 5.14 Reports can be made anonymously, though anonymous reports that lack specific details will be reviewed but may not be pursued further if sufficient supporting material is not included.

UNICEF Country Offices

- 5.15 As required by the UNICEF Policy Prohibiting and Combatting Fraud and Corruption, UNICEF Australia must report good faith suspicion of fraud involving UNICEF to the Director, Office of Internal Audit and Investigations as soon as possible. This may be reported by email to integrity1@unicef.org (which is monitored by the Office of Internal Audit and Investigations) and can be communicated either by the reporting individual or via the COO or in their absence the CEO.

For Directly Supported Programs:

- 5.16 As outlined in the Letter of Acknowledgement, where Australian NGO Cooperation Program (ANCP)/Department of Foreign Affairs and Trade (DFAT) funding is utilised, UNICEF Australia is required to report any allegations or investigations of fraud or corruption with Country Offices or third parties to DFAT. In these cases funding to the respective partners will cease immediately.

Fraud Response Procedures

Within Australia

- 5.17** The COO will determine whether an allegation is sufficiently credible to merit an investigation. The implicated individual will be notified at the earliest possible time that he or she is the subject of an investigation consistent with due process, and in compliance with the requirements of the law. At the conclusion of each investigation, the COO will make a decision and present a written report to the Audit and Risk Committee detailing the basis for the investigation, the investigation itself, conclusions and the decision taken for further action.
- 5.18** Where the COO determines that fraud has not occurred, the file will be closed and parties to the investigation will be notified. Where the investigation related to an allegation against an employee, the employee's file will not contain any record of the allegation, investigation or report.
- 5.19** Where the COO determines that fraud has occurred, UNICEF Australia will initiate disciplinary proceedings against employees who it determines have engaged in fraud. Such action may result in dismissal of such employees. UNICEF Australia will take appropriate actions against volunteers, consultants, contractors, suppliers and partners who it determines having engaged in fraud, including termination for cause, and such individuals/companies will not be eligible for further work with UNICEF Australia. Where UNICEF Australia is the victim of a fraud, it may attempt to recover the losses it has sustained including through legal proceedings.
- 5.20** UNICEF Australia's Audit and Risk Committee will be provided with status reports on actions taken by the COO.

UNICEF Country Offices

- 5.21** The OIAI will complete response procedures, including possible investigation, referral to appropriate authorities, in accordance with the UNICEF Policy Prohibiting and Combatting Fraud and Corruption. Disciplinary actions including dismissal or termination of relationship may be actioned and reasonable efforts to recover financial losses may be undertaken.
- 5.22** Any fraud found to be committed by a Country Office and/or Implementing Partner may result in funding being discontinued for those Supported Programs managed/delivered by those partners.

6. Responsibilities

The COO is responsible for setting policy and procedures in relation to fraud and corruption within UNICEF Australia and communicating these to staff members and non-staff personnel. The Head of International Programs is responsible for setting policy and procedures in relation to fraud and corruption associated with UNICEF Australia's Supported Programs and the respective Country Offices and Implementing Partners.

UNICEF Australia staff members, volunteers, consultants, institutional contractors and other non-staff personnel are responsible for reporting instances or suspicions of fraud involving UNICEF Australia to the COO or in their absence the CEO. Where fraud is identified or reasonably suspected in relation to

UNICEF Supported Programs, UNICEF Australia staff members, volunteers, consultants, institutional contractors and other non-staff personnel are responsible for making a report to the COO and OIAI.

The COO is responsible for reviewing allegations of fraud and completing appropriate investigative actions to determine the truth or falsehood of such reports.

The OIAI is responsible for responding to allegations of fraud relating to UNICEF in accordance with the UNICEF Policy Prohibiting and Combatting Fraud and Corruption.

7. Supporting Documents

UNICEF Policy Prohibiting and Combatting Fraud and Corruption

http://www.unicef.org/auditandinvestigation/files/CFEXD2013-008_Policy_Prohibiting_and_Combatting_Fraud_and_Corruption.pdf, 29 August 2013.

8. Information About This Policy

Version	Date	Comments	Author/s	Approved By	Review Date
V1	26/8/2014		Chief Operating Officer	EMT & Board	August 2016
V2	25 October 2016		Gregg Ruff, Management Accountant	EMT & Board	October 2019