

Fraud, Money Laundering, Bribery and Corruption Control Policy

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Purpose

Fraud, Money Laundering, Bribery and Corruption (FMLB&C) have the potential to damage the reputation of the Institute and stakeholders that it represents and has relationships with. Accordingly, the Institute has adopted a zero-tolerance approach to FMLB&C and is committed to eliminating the incidence of FMLB&C through the development, implementation and regular review of prevention, detection and investigation strategies.

The purpose of this policy is to:

- promote a culture of honesty, integrity and professionalism in line with the Institute's values
- provide guidance to the Institute's personnel on how to recognise and deal with FMLB&C
- outline the Institute's expectations of the Institute's personnel in relation to the prevention, detection and investigation of FMLB&C activities
- provide training and guidance to the Institute's personnel regarding the mechanisms available to report instances of FMLB&C conduct.

Scope

This policy applies to all Burnet employees in the course of their work and persons representing Burnet, which includes:

- members of the Burnet Board
- all Burnet employees, including: managers and supervisors; full-time, part-time or casual, temporary or permanent staff; job candidates; student placements

- contractors, sub-contractors; suppliers and volunteers; Burnet honorary staff and associates
- supporters, donors and other participants on field visits organised by Burnet; overseas partner organisations (where Burnet staff are placed)
- partner organisations (engaged in overseas activities with Burnet programs).

This policy applies in Australia and in all jurisdictions outside of Australia where the Institute operates.

This policy must be read in conjunction with the Institute’s code of conduct, whistleblowing policy and conflict of interest policy.

Definitions

Bribery means the offering, promising, giving, requesting or accepting of a payment, inducement, reward or anything of value, for an act or omission which is illegal, unethical or a violation of the Institute’s policies, which is given with the intention of obtaining or retaining business, or an advantage in the course of business, or with the intention that the recipient act improperly in some way.

Corruption is any conduct that does, or could compromise the integrity, accountability or probity of public administration, including the misuse of office or power for private gain, or for the gain of another person or organisation, either directly or indirectly.

Fraud means dishonestly obtaining or attempting to obtain a benefit or advantage for any person or dishonestly causing or attempting to cause a loss to the Institute by deception or other means.

Money laundering is the process of concealing the origin, ownership and designation of illegally or dishonestly obtained money and hiding it within legitimate economic activities to make them appear legal.

Appendix A provides a non-exhaustive list of examples of FMLB&C. It is, however, not possible to define all potential situations which give rise to FMLB&C and therefore if a person covered by this Policy is in any doubt as to whether FMLB&C exists, they should seek advice from the Chief Operating Officer or the General Counsel.

Policy statement/overview

The Institute’s attitude to FMLB&C

The Institute has zero-tolerance towards FMLB&C activities, and is committed to:

- promoting a culture of honesty and integrity
- developing and implementing robust governance and control strategies to detect, prevent and investigate incidences of FMLB&C

- providing mechanisms for reporting allegations of FMLB&C activities and supporting all personnel who report suspected incidences of FMLB&C
- regularly reviewing the Institute's control strategies.

The Institute's approach to FMLB&C

The Institute will ensure that all personnel are aware of this policy and reporting procedures and are actively encouraged to report suspected FMLB&C through the appropriate channels.

The Institute has adopted a clear FMLB&C control framework encompassing the detection, prevention, investigation and reporting of FMLB&C activities as well as disciplinary actions in the event of breaches to this policy. Full details are included in this policy.

The Institute will handle all information collected pursuant to this Policy having regard to privacy, confidentiality, legal professional privilege and the requirements of procedural fairness and natural justice.

If FMLB&C activities are detected, the Chief Executive Officer (or delegate) will make all decisions on the appropriate communications protocol by nominating one person to be the authorised spokesperson. Any communications relating to a FMLB&C incident by a person other than the CEO or authorised spokesperson is unauthorised.

Any instances or suspicion of FMLB&C are to be immediately reported to the Chief Operating Officer:

- Name: Hilary Bolton
- Email: hilary.bolton@burnet.edu.au.

Expectations of Institute Personnel

Institute personnel are expected to act in accordance with this Policy and in a professional and ethical manner, follow legal requirements, care for property, and maintain and enhance the reputation of the Institute.

Institute personnel are encouraged to remain vigilant to any suspected fraudulent behaviour that may be occurring around them and are expected to fully cooperate with any investigations and the implementation of fraud control strategies.

Institute personnel who become aware of suspected fraudulent conduct must report the matter in accordance with this Policy.

Institute personnel must retain strict confidentiality on any Institute fraud incidents of which they have knowledge.

Managers must uphold and monitor fraud control strategies within their area of responsibility. Any failure by Institute personnel to comply with this Policy may result in disciplinary action or the termination of consulting or other contracts.

Control framework

Components

The Institute's FMLB&C control framework aims to draw together its prevention, detection, investigation, reporting and response initiatives, and has three major components:

- **Prevention** initiatives to deter and minimise the opportunities for FMLB&C activities
- **Detection and investigation** initiatives to detect and investigate suspected incidents of FMLB&C as soon as possible
- **Reporting** initiatives to provide mechanism for the Institute's personnel to report suspected FMLB&C activities via the Institute's Riskware Incident Reporting software platform
- **Response** initiatives to deal with detected FMLB&C activities.

Prevention

To achieve its prevention objectives the Institute will:

- encourage and promote professional and ethical business practices via the Institute's integrity framework
- identify FMLB&C risks areas in accordance with the Institute's risk management policy and framework
- develop and implement internal controls
- undertake pre-employment screening of all Burnet personnel
- ensure all personnel are aware of this Policy and undertake appropriate awareness training
- conduct FMLB&C due diligence on downstream Partners and ensure partner organisations are aware of this policy and undertake appropriate awareness training
- clearly communicate how suspected instances of FMLB&C may be reported by the Institute's personnel
- through the channels authorised in this Policy, investigate alleged or suspected instances of FMLB&C using qualified personnel and professionals with experience in investigation techniques
- take appropriate action to deal with actual, suspected or alleged FMLB&C, including by referral to legal and regulatory authorities
- use available avenues to recover money or property lost through Fraudulent activity.

Integrity framework

The Institute recognises that a fundamental strategy in controlling the risk of FMLB&C activities is developing and maintaining a sound ethical culture, underpinned by effective and continuous communication and example-setting by management. The Institute's attitude to ethical conduct is outlined in the Institute's Code of Conduct and also by the Institute's commitment and compliance with ACFID's (Australian Council for International Development) Code of Conduct.

FMLB&C risk management

The COO (or delegated officer) is responsible for monitoring the implementation of the risk assessment programs and reporting progress to the Finance, Audit & Risk Committee to ensure that all strategies are implemented in the time and manner prescribed.

To maximise the effectiveness of the risk assessment process, the assessment should:

- be completed by a prioritised sample (with notations of Low, Moderate, High and Very High risk areas) of the functional areas on a rotational basis
- include assessment at local levels by agreed self-assessment criteria
- be relevant and comprehensive covering as far as possible, all potential FMLB&C risks; comply with AS 8001:2008- Fraud and Corruption Prevention
- separately consider inherent risk and internal control risk
- achieve a prioritisation of FMLB&C risks identified through a risk register.

The above is to be incorporated into the overall Risk Profile of the Institute that is maintained by the COO and CFO with regular review by the Finance, Audit & Risk Committee.

Internal control

Internal controls are often the first line of defence against FMLB&C. The Institute will ensure the maintenance of a strong internal control system and the promotion and monitoring of a robust internal control culture including without limitation through the internal audit function.

The Institute will promote an internal control culture through a process of:

- example-setting by management
- regular communication of the importance of internal controls.

Pre-employment screening

Pre-employment screening is an effective means of preventing FMLB&C, such as falsifying qualifications or employment history. It can also identify previous criminal convictions for offences of dishonesty. The HR Manager and Country Program Manager (as appropriate) should consider all appropriate checks having regard for any proposed appointment and the work area.

FMLB&C awareness training

The Institute undertakes FMLB&C awareness training to assist in raising the general level of awareness amongst its personnel.

An awareness of the risk of FMLB&C and relevant control techniques will be fostered by:

- ensuring this Policy awareness and training is a mandatory part of the induction process for all new employees, and periodically for existing employees
- ensuring all personnel that are considered to be in positions requiring training attend FMLB&C awareness training
- ensuring updates and changes to FMLB&C related policies and procedures and other ethical pronouncements are effectively communicated across the Institute
- ensuring staff are aware of the ways in which they can report allegations or concerns regarding suspected FMLB&C or unethical conduct
- encouraging reports of suspected incidents of Fraud.

All staff are encouraged to communicate this Policy, and the Institute's zero-tolerance approach to FMLB&C to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

Detection

The Institute has adopted a program aimed at detecting FMLB&C as soon as possible after it has occurred.

The key elements of this program include:

- management accounting report reviews
- post transaction reviews
- identification of early warning signs.

These FMLB&C detection principles apply to all operations of the Institute.

Management accounting reporting review

Using relatively straightforward techniques in analysing the Institute's management accounting reports, trends can be examined and investigated which may be indicative of Fraudulent, Bribery and Corrupt conduct.

Some examples of the types of management accounting reports that can be utilised on a compare and contrast basis are:

- budget reports for each Working Group
- reports comparing expenditure against appropriate benchmarks
- reports highlighting unusual trends in bad or doubtful debts.

Post transaction review

The Institute's program of post-transaction reviews will identify a targeted sample of transactions for review with a particular focus on authorisation, adherence to guidelines on expenditure receipting, and missing documentation. This process will be conducted with direct reference to the findings of internal control reviews and risk assessments.

Identification of early warning signs

All personnel should be aware of their responsibility and are required to remain vigilant to identify and report any suspected Fraudulent, Bribery and Corrupt activity.

Possible indicators of FMLB&C include:

- overdue or delayed acquittals, reports, updates and responses
- lack of clarity, not able to easily understand the processes and approvals of an organisation. Lack of understanding, an organisation does not have policies, procedures or is unwilling to share them
- complaints regarding poor quality, work or service, continued acceptance of poor quality goods or service
- unexplained or excessive delays in producing documents that should be readily available
- discrepancies in the documentation, for example, between the amounts claimed for payment and the amounts in the supporting documents, or between documents submitted by the contractor and independent persons
- the submission of copies when originals are required
- indications of changes to documents, such as backdating, erasures, white outs, or signatures that appear forged
- incomplete documentation
- unusual or inappropriate documents, e.g., unnumbered and handwritten invoices
- delays in billing clients for work rendered.

Investigation

The Institute will undertake a preliminary assessment to determine whether there are matters of substance requiring further investigation or if the matter must be handled under the Institute's Whistleblower Policy.

Investigations into reports of FMLB&C activities will be undertaken in accordance with relevant legislation and the Institute's policies and processes.

The Chief Operating Officer will be responsible for overseeing and managing the investigation process, in consultation with other members of an investigation task force that shall comprise, not less than the following positions:

- Chief Operating Officer;
- Chief Financial Officer; and

- Other relevant senior executive managers (e.g. People Manager Operations, Deputy Director International Operations, Country Director)

The task force will consider the application of donor contracts (e.g. DFAT), the Enterprise Agreement and other legislative or regulatory requirements in assessing, investigating, managing and reporting any alleged FMLB&C.

Reporting instances of FMLB&C

The Institute will ensure all Personnel are aware of the FMLB&C reporting procedures and actively encourage all Personnel to report suspected cases of FMLB&C through the appropriate channels.

It is important that all personnel advise the Chief Operating Officer as soon as possible if they are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity.

Personnel who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Institute aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken.

The Institute is committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in FMLB&C activities, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. However, if personnel have any concerns in relation to the direct reporting of an alleged bribe, fraud or corrupt practice you can make use of the Institute's independent whistleblowing service.

Institute personnel (Country Offices)

Institute staff working in the country offices who become aware of suspected FMLB&C conduct are required to report the matter in accordance with this policy. All personnel must be aware that they are required to report immediately all suspected FMLB&C incidents. Personnel are also required to maintain strict confidentiality on any suspected FMLB&C matter of which they have knowledge to enable an unfettered and thorough investigation of the allegations.

In the first instance, report the matter to the Country Director or relevant line manager.

If, for any reason, the staff member feels that reporting the incident through this channel would be inappropriate, he or she may report the matter directly to the Deputy Director, International Operations or the Chief Operating Officer. Such reports may be made confidentially, if desired.

In the event of the allegation involving any of the above-mentioned positions the matter should be referred directly to the Chief Executive Officer.

Any Country Director receiving a report of alleged FMLB&C must immediately advise the Deputy Director, International Operations or the Chief Operating Officer.

The contact details for the Chief Operating Officer are as follows:

- Name: Hilary Bolton
- Email: hilary.bolton@burnet.edu.au

Institute personnel (Melbourne based)

Institute personnel who become aware of suspected Fraudulent, Bribery and Corrupt conduct are required to report the matter in accordance with this policy. All personnel must be aware that they are required to report immediately.

The Institute has an obligation to the Australian Government to report all suspected Fraudulent, Bribery and Corrupt incidents within 5 days.

Personnel are also required to maintain strict confidentiality on any suspected Fraudulent, Bribery and Corrupt matter of which they have knowledge to enable an unfettered and thorough investigation of the allegations.

In the first instance, report the matter to their Working Group Head or relevant line manager. If, for any reason, the staff member feels that reporting the incident through this channel would be inappropriate, he or she may report the matter directly to the Chief Operation Officer who is the Institute's appointed Fraud Control Officer. Such reports may be made confidentially, if desired. However, if a staff member has any concerns in relation to the direct reporting of an alleged bribe, fraud or corrupt practice, the staff member can make use of the Institute's independent Whistleblowing Service.

In the event of the allegation involving any of the following positions:

- a Director
- a member of the Executive Council , the matter should be referred directly to the Whistleblowing Service. However, if the allegations are against the provider of the Whistleblowing Service, then the matter should be referred directly to the Chief Executive Officer
- any Working Group Head or other relevant line manager receiving a report of alleged FMLB&C must immediately advise the Chief Operating Officer.

The contact details for the Chief Operating Officer are as follows:

- Name: Hilary Bolton
- Email: hilary.bolton@burnet.edu.au

By external parties

Members of the public, contractors and other stakeholders are encouraged to report any suspicions of FMLB&C direct to the Chief Operating Officer at the above contact details.

External audit

The Institute recognises that the external audit function has a role to play in the detection of FMLB&C given the responsibilities of auditors under ASA240 'The Auditors' Responsibility to Consider Fraud in an Audit of a Financial Report'.

Internal audit

Internal Audit is an independent function that reports directly to the Governance, Audit & Risk Committee. They conduct better practice assurance activities, audits and assurance advisory services which assist in the development of efficient and effective systems of internal control, risk management and corporate governance

Response

Disciplinary action

Any Burnet personnel found to be in breach of this policy will be subject to disciplinary action in accordance with relevant policies of the Institute.

Reporting to law enforcement agencies

Where appropriate, known or suspected acts of FMLB&C will be reported to law enforcement agencies (and other relevant bodies such as the Independent Commissioner Against Corruption and the Office of Public Integrity). It should be noted that the circumstances that surround certain instances of FMLB&C will require professional judgement to determine the appropriateness of reporting an individual to local authorities. The Chief Operating Officer must approve any non-reporting and the FAR Committee must be advised accordingly.

Reviewing systems and procedures (post FMLB&C)

In each instance where FMLB&C is detected, the Institute will reassess the adequacy of the internal control environment (particularly those controls directly impacting on the FMLB&C incident and potentially allowing it to occur) and actively plan and implement improvements as soon as practicable.

Recovery of money or property lost through FMLB&C

The Institute will actively pursue the recovery of any money or property lost through FMLB&C after considering all relevant issues.

Internal reporting

The Chief Operating Officer is responsible for ensuring all reported FMLB&C events, investigations and outcomes are reported to the Board through the Governance, Audit & Risk Committee.

Provision of information to external agencies

Procedures for the collection and recording of FMLB&C information are in place to ensure that external agencies, such as the Department of Foreign Affairs & Trade (DFAT), are informed in accordance with contractual and legislative requirements. Information will be collected, classified and handled appropriately, having regard to privacy, confidentiality, legal professional privilege and the requirements of natural justice and procedural fairness.

Responsibility for implementation

The Board is responsible for the approval of this policy. The Executive through the COO is responsible for the implementation and review of this policy.

Related policies, procedures & guidance

Delegations of Authority Policy

Whistleblower Policy

Code of Conduct

Appendix A: FMLB&C Control Responsibilities

Examples of what constitutes fraud

The following list, whilst not exhaustive, provides examples of the types of conduct that would be included within the Institute's definition of Fraud:

- theft of property e.g. inventory, cash and equipment
- dishonestly falsifying invoices for goods or services
- knowingly making or using forged or falsified documents
- unlawful or unauthorised release of confidential information that is dishonest
- dishonestly obtaining or using property that belongs to the Institute
- dishonest use of intellectual property
- causing a loss to the Institute that is dishonest, or avoiding or creating a liability for the Institute by deception
- dishonestly using the Institute's computers, vehicles, telephones, credit cards, cab vouchers and other property or services
- fabrication, falsification or plagiarism of research or scholarly work
- dishonestly using purchase or order forms to gain a personal benefit
- receiving or giving kickbacks or secret commissions to or from third parties
- providing a reward or benefit to persons in public office or private employment in order to influence conduct that would result in that person violating an official duty of office such that the act constitutes bribery under either Australian or extra-territorial laws

- dishonestly assisting or enabling the unlawful or unauthorised transfer, use or allocation of Institute property and assets including moneys and/or funds held by or on trust for the Institute
- dishonestly using grant or research funds or sponsorships.

Examples of what constitutes bribery

The following list, whilst not exhaustive, provides examples of the types of conduct that would be included within the Institute 's definition of Bribery.

Bribes can be given in many forms and do not necessarily involve payments of cash. A bribe could be anything of value, for example:

- **kickbacks** - where a percentage from a contract is improperly returned to the person awarding that contract
- **facilitation payments** or "grease" payments - usually small, non-discretionary payments to government/public officials to speed up routine administrative processes
- **inflated commissions** - where higher than normal commissions are paid as a reward for improper behaviour
- **political or charitable donations** - can be used as bribes, e.g. making a donation to a political party in exchange for their support for legislation that is favourable to Burnet's business or to a charity which is used to funnel money to local government officials
- **excessive or inappropriate entertainment** - can be used to influence business contacts
- **expensive gifts** - can be given to influence the recipient.

It is an offence for companies or individuals to directly or indirectly bribe another person, receive a bribe or bribe a foreign government official.

To "indirectly bribe another person" involves offering or giving something of value to a third party acting on your behalf, knowing or intending that the third party will go on to bribe another. It is unlawful to offer a bribe, regardless of whether the offer is accepted or the benefit gained.

Under the UK Bribery Act, a company can be prosecuted for failing to prevent its employees, or any third party acting on the company's behalf, from paying bribes to obtain or retain business for the company, or a business advantage for the company.

Some countries have laws (e.g. the US FCPA and UK Bribery Act) which grant prosecutors authority to prosecute bribery and corruption offences whether the offence occurs within or outside their borders provided there is some link to the prosecuting jurisdiction.

Examples of what may constitute money laundering

The following list, whilst not exhaustive, provides examples of the types of conduct that would be included within the Institute 's definition of Money Laundering:

- Country offices may receive requests for unusual transactions, such as a request to pass funds through an office account, or to hold cash on behalf of a third party

- Overseas programmes and partners may be subject to suspicious or unusual transactions
- Donations which carry a restriction to a particular project as requested by particular individuals or organisations.
- Offers of donations in cash, for a certain period of time, whereby the Institute is to receive the interest, but the principal is to be returned to the donor at the end of the specified period.
- Donations in foreign currencies, with the provision as above, but the principal to be returned to the donor in the form of an alternative currency cheque.
- Donors requesting unusual or over-specific restrictions on a gift, or requesting its return in whole or part.

Examples of what may constitute corruption

The following list, whilst not exhaustive, provides examples of the types of conduct that would be included within the Institute 's definition of Corruption:

- public servants demanding or taking money or favours in exchange for services;
- politicians misusing public money or granting public jobs or contracts to their sponsors, friends and families; or
- corporations bribing officials to get lucrative deals.