

Fraud Risk Assessment Policy

Policy name	Fraud Risk Assessment Policy
Policy group	Finance
Version	1
Status	Ratified
Date Ratified	26/03/2025
Due for review	26/03/2026
Owner	Chair/s
Ratified by	Board of Directors

Introduction:

Philanthropy Australia (PA) is committed to maintaining the highest standards of integrity and accountability in all its operations. This Fraud Risk Assessment Policy aims to identify, assess and mitigate risks of fraud with the organisation, ensuring that PA's financial and reputational resources are safeguarded.

Purpose:

The purpose of this policy is to:

- Establish a structured approach to identifying and assessing fraud risks
- Implement preventative and detective measures to minimize fraud exposure.
- Provide guidance on responding to suspected or confirmed fraud incidents.
- Promote a culture of integrity, transparency, and ethical behaviour.

Scope:

This policy applies to all employees, board members, volunteers, contractors, and partners associated with Philanthropy Australia. It covers all activities, including financial transactions, procurement, and program implementation.

Fraud Definition:

Fraud is any intentional act of deception for personal or organisational gain that results in financial or reputational harm. This includes but is not limited to:

- Misappropriation of funds or assets
- Financial statement fraud
- Bribery and corruption
- False expense claims
- Conflict of interest violations
- Unauthorised disclosure of confidential information

Fraud Risk Assessment Framework

PA will implement a systemic approach to fraud risk assessment, consisting of the following steps:

- **Identification:** Conduct regular review of operations to identify potential fraud risks
- **Assessment:** Evaluate the likelihood and impact of identified fraud risks
- **Mitigation:** Develop and implement controls to prevent and detect fraud.
- **Monitoring & Review:** Periodically reassess fraud risks and controls to ensure continued effectiveness.

Fraud Prevention and Detection Measures

- **Internal Controls:** Implement robust financial and operational controls, including segregation of duties, approval processes, and financial audits.
- **Training and Awareness:** Conduct regular training for staff and stakeholders on fraud risks and ethical conduct.
- **Whistleblower Protection:** Maintain a confidential and accessible reporting mechanism for suspected fraud incidents.
- **Third-Party Due Diligence:** Conduct background checks on vendors, partners & suppliers.
- **Data Security:** Protect sensitive data through strict access controls and cybersecurity measures.

Fraud Reporting and Investigation

- Any suspected fraud must be reported immediately to the Executive Director, Business Services or the CEO.
- Reports may be submitted confidentially through PA's Whistleblower email (whistleblower@philanthropy.org.au)
- Investigations will be conducted promptly, fairly, and in compliance with legal and regulatory requirements.
- Disciplinary actions, including termination of employment and legal proceedings, will be taken against individuals found guilty of fraud.

Governance and Oversight

- The Board of Directors has ultimate responsibility for fraud risk management.
- The Finance, Audit, Risk & Compliance Committee will oversee fraud risk assessments and ensure compliance with this policy.
- Management is responsible for implementing fraud risk controls and fostering a culture of ethical conduct.

Policy Review

This policy will be reviewed annually or as necessary to ensure its effectiveness and alignment with best practice and regulatory requirements.

Conclusion

Philanthropy Australia is committed to upholding integrity and accountability. By implementing this Fraud Risk Assessment Policy, PA aims to proactively prevent and manage fraud risks, safeguarding its mission and stakeholders.

Document Change History

Version	Status*	Comments	Author	Ratified By	Date Ratified
1	RATIFIED	Initial review by FARCC	Susan Wolff	Board	26/03/2025

*Valid values for this column are: DRAFT, RATIFIED, REVIEWED (no revision)