Fraud and Anti-Corruption Policy

1. PURPOSE AND SCOPE

ADRA Indonesia aims to ensure that its resources are used only for appropriate purposes and to comply with all laws, regulations and responsibilities governing fraud, bribery and corruption within Indonesia. This policy seeks to ensure that all parties are aware of their responsibilities for identifying exposures to fraudulent and corrupt activities and for establishing controls and procedures for preventing such activity and/or detecting such activity when it occurs. It is further intended to provide a clear statement to staff forbidding any illegal activity, including fraud, corruption or bribery for the benefit of the organisation and assurance that any and all suspected fraudulent or corrupt activity will be fully investigated. In relation to fraud and corruption this policy sets out expectations for the behavior and standards of professional and personal conduct for ADRA Indonesia’s employees (including Union and Conference ADRA Directors), volunteers, contractors and Company Directors hereinafter referred to as ADRA Indonesia Personnel in their engagement with ADRA Indonesia.

2. DEFINITIONS

A. Actions that may constitute fraud: Fraud is defined in this policy as an act carried out either by staff, volunteers, contractors, partners or clients with deliberate intention of deceiving ADRA, donors, beneficiaries or the general public to gain a personal advantage to themselves or any third party, including fraud for the benefit of the organisation, or cause loss to another. Fraudulent acts may include, but are not limited to:

- Impropiety in the handling or reporting of money or financial transactions
- Misappropriation of funds, supplies, or other assets (e.g. use of agency vehicles for personal purposes such as shopping by individuals not entitled to do so)
- Profiteering as a result of insider knowledge of agency activities
- Disclosing confidential and proprietary information to outside parties
Misrepresentation in a job application (e.g. falsifying qualifications or credentials)

Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the agency

Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or any similar or related irregularity

B. Actions that may constitute corruption: Corruption is defined in this policy as an act carried out either by staff, volunteers, contractors, partners or clients of directly or indirectly offering, giving, soliciting or receiving any form of bribe, kickback, payment or anything of value to or from any person or organisation including government agencies, individual government officials, private companies or their employees. Gifts, loans, fees, rewards, entertainment, holidays, travel, special personal services, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the organizations activities. ADRA Indonesia prohibits bribery, corruption and extortion in all forms.

C. Actions that may constitute bribery: Bribery is defined in this policy as the offering, promising, giving, accepting or soliciting of money, gifts or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out ADRA Indonesia’s activities.

3. POLICY STATEMENT

A. Responsibilities: The Board of ADRA Indonesia has ultimate responsibility for the prevention and detection of fraud and corruption. The Board is responsible for ensuring that appropriate and effective internal control systems are in place. All managers must ensure that they are aware of the mechanisms in place within their area of control to:

- assess the risk of fraud and corruption
- educate their staff about fraud and corruption prevention and detection
- facilitate the reporting of suspected fraudulent and corrupt activities
B. All ADRA Indonesia Personnel share in the responsibility for the prevention and detection of fraud and corrupt activities in their areas of responsibility. All staff have the responsibility to report suspected fraud and corruption. Any fraud, corruption or bribery by a member of staff may constitute grounds for disciplinary action, including summary dismissal or termination of their engagement. However, ADRA, at its sole discretion, may vary its procedure or approval to dealing with an allegation of fraudulent or corrupt activity. 

B. Prevention

Fraud and corruption prevention accounting procedures should be incorporated in the ADRA Indonesia’s procedures related to cash management, credit card use, business transactions, and investment. All Complaints of suspected fraudulent or corrupt behaviour will generally be investigated. ADRA Indonesia may, at its discretion, refer any suspected fraud to police or other external authority. Recruitment strategies shall incorporate fraud and corruption prevention. Depending on the nature of the position, this may include:

- Applicants being required to undergo police checks
- Previous employers and referees being contacted
- Transcripts, qualifications, publications and other certification or documentation being verified

Fraud and corruption prevention and detection issues will be included in relevant staff development and induction activities. Vendors and contractors being requested to agree and abide by certain policies, procedures or requirements in respect to fraud prevention.

C. Reporting Procedures

A key obligation to our donors is to report all cases of suspected, alleged or committed fraud or corruption within five business days of becoming aware of the fraud or corruption.

4. PRACTICAL GUIDELINES

A. Fraud and Corruption Deterrence and Detection

Management is expected to reduce opportunities for fraud by:

- Identifying the risks to which operations, locations and assets are exposed
- Developing adequate controls
- Ensuring effective compliance with controls
- Enforce the Conflicts of Interest and Disclosure Policy
B. Well designed and cost effective controls may include the following

- Thorough recruitment procedures
- Physical security of assets
- Clear organisation of responsibilities and reporting lines
- Adequate staffing levels
- Separation of duties to ensure that key functions and controls are not performed by the same member of staff
- Rotation of staff
- Random spot checks by managers
- Complete and secure audit trails
- Budgetary and other financial reports
- Reviews by independent bodies such as audit