

FRAUD AND CORRUPTION POLICY

CPA AUSTRALIA LTD

POLICY NUMBER 5

Version: 5.0
Document number:
Policy owner: Chief Financial Officer
Approved by: Audit, Risk and Compliance
Committee
Last updated: November 2020
Review date: November 2021

CPA Australia Fraud and Corruption Policy

1. INTRODUCTION

1.1 Commitment

The CPA Australia Group consists of CPA Australia Ltd and all other related entities of CPA Australia Ltd ('**CPA Australia**').

CPA Australia is committed to establishing and maintaining an organisational culture that will ensure effective Fraud and Corruption prevention is an integral part of its day-to-day operations in all countries where CPA Australia operates.

Definitions of 'Fraud' and 'Corruption' are set out in sections 2 and 3 below.

1.2 Scope

This Policy applies to anyone who is employed by CPA Australia or works at CPA Australia, including employees (whether permanent, fixed-term or temporary), contractors, consultants, secondees and directors and officers wherever located (collectively referred to as '**CPA Australia People**' in this Policy).

1.3 Statement of Attitude to Fraud and Corruption

CPA Australia is committed to maintaining a robust culture of integrity and ethical behaviour. CPA Australia will not tolerate Fraud or Corruption within any part of the organisation (whether in Australia or elsewhere). Any Fraud or Corruption that is detected may be reported to the relevant law enforcement agency in the specific country, state or province in which the alleged offence has occurred.

Fraud and Corruption is regulated by a number of laws in Australia, including the Australian Commonwealth and State criminal codes, Corporations legislation, competition and consumer legislation and common law. In addition, the presence of CPA Australia internationally means that laws regulating Fraud and Corruption in other countries, such as the *Bribery Act 2010* (UK), will apply to CPA Australia and CPA Australia People.

Conduct involving Fraud and Corruption may attract significant penalties to CPA Australia, its directors and officers, as well as other CPA Australia People. Such conduct will invariably be a breach of [CPA Australia's Code of Conduct](#) for which there are disciplinary sanctions. In addition, bribing or attempting to bribe a foreign public official, is a serious criminal offence that can result in imprisonment.

1.4 Relationship with other CPA Australia Policies

This policy should be read in conjunction with the [CPA Australia Code of Conduct](#) (which covers gifts and gratuities) and the [Whistleblower Policy](#).

1.5 Roles and Accountabilities

Pursuant to this Policy, various CPA Australia People have roles and accountabilities. CPA Australia is committed to assisting the CPA Australia People in these roles to implement and carry out the requirements of this Policy.

1.6 Senior Leadership Responsibilities

Without limiting anything in this Policy, directors, the executive management team and senior management of CPA Australia are expected to demonstrate due and proper compliance with this Policy and promote due and proper compliance with this Policy by CPA Australia People.

2. FRAUD

2.1 Definition of Fraud

Fraud refers to a dishonest activity that leads to obtaining an unfair or unlawful benefit or financial advantage to any person or entity.

Examples of fraud include but are not limited to:

- theft of moneys or other property by CPA Australia People;
- false invoicing (i.e. creating a fictitious invoice claiming payment for goods or services not delivered or exaggerating the value of goods delivered or services provided);
- false accounting / accounts receivable fraud (misappropriation or misdirection of remittances received by an entity from a debtor);
- credit card fraud involving the unauthorised use of a credit card or credit card number issued to another person;
- deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose;
- improper use of information or position for personal benefit; or
- misuse of position in order to gain some form of financial advantage.

For the purpose of this Policy, the theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is also considered 'Fraud'.

2.2 Key principles - Fraud

CPA Australia People are expected to conduct themselves with integrity and comply with all CPA Australia policies and procedures addressing the handling of goods, financial accounts, payments and information with respect to record keeping, including the [CPA Australia Code of Conduct](#).

3. CORRUPTION

3.1 Definition of Corruption

Corruption refers to a dishonest activity in which CPA Australia People act contrary to the interests of CPA Australia and abuse their position of trust in order to achieve some personal gain or advantage for themselves or another person or entity.

Examples of corruption include but are not limited to:

- payment or receipt of secret commissions / bribes, which may be paid in money or in some other form of value and which may relate to a specific decision or action by the receiver or generally;
- release of confidential information for other than a proper business purpose in exchange for some form of non-financial benefit or advantage accruing to the CPA Australia People releasing the information;
- collusive tendering (the act of multiple tenderers for a particular contract colluding in preparation of their bids);
- payment or solicitation of donations for an improper political purpose;
- serious conflict of interest involving a senior manager, member of the executive management team, or a director of CPA Australia acting in their own self-interest rather than the interests of CPA Australia;
- serious nepotism and cronyism where the appointee is inadequately qualified to perform the role to which they have been appointed;

- manipulation of the procurement process by selectively providing information to some bidders and not to others;
- receipt or the making of gifts or entertainment intended to achieve a specific or generic commercial outcome;
- causing, contributing to, or being directly linked to modern slavery (defined broadly as all forms of human trafficking, forced labour and slavery-like practices);
- bribing government officials (locally or in foreign jurisdictions) for any reason, including in order to secure a contract for the supply of goods or services; or
- the provision of or receipt of private sector to private sector secret commissions or kick-backs to secure contracts.

3.2 Key principles - Corruption

- CPA Australia People should never give or accept bribes (regardless of its value) to persuade someone to act in CPA Australia's favour, their personal favour or for the benefit of a third party, including family or friends.
- CPA Australia People should never make facilitation payments (i.e. unofficial minor payments to secure or speed up a routine government action) regardless of whether such payments are considered routine or customary.
- The payment, or attempted payment, of a bribe to any government official, including a foreign public official, will not be tolerated under any circumstance.
- CPA Australia People may engage with governments, regulators, and industry associations across the world in the ordinary course of CPA Australia's activities, however they should not offer or accept gifts, or entertainment to or from any government employee or public official.
- If CPA Australia People are offered a bribe or witnesses any other corrupt practice, it is expected that they decline the offer and report the matter in accordance with reporting protocol set out in this Policy.

4. CPA AUSTRALIA PEOPLE RESPONSIBILITY

All CPA Australia People are responsible for promoting a Corruption and Fraud free working environment.

4.1 Compliance with this Policy

Compliance with this Policy is mandatory including when dealing with suppliers, third parties, government, public officials and consultants.

Any breach of this Policy by CPA Australia People will result in disciplinary action, may lead to their termination or criminal prosecution and may have serious consequences for all parties involved.

4.2 Education and Training

It is the aim of CPA Australia that all CPA Australia People are aware of and understand this Policy and the importance of preventing Fraud and Corruption within CPA Australia.

All CPA Australia People must participate in Fraud and Corruption training as part of CPA Australia's annual compliance training program and their ongoing employment with CPA Australia. Training and delivery materials will be reviewed annually by CPA Australia with the training focused on compliance with relevant laws and relevance to the CPA Australia business.

4.3 Dealing with Third Parties

Where CPA Australia engages with third parties, the level of due diligence undertaken should be appropriate to the Fraud and Corruption risks connected to the particular relationship or situation. This may include measures such as conducting direct and indirect enquiries, background research, requesting details from a third party on the

background, researching the expertise and experience of relevant individuals, and seeking to verify the information received through independent research and by contacting referees.

4.4 Obligation to Report

All CPA Australia People have an obligation to report any alleged incident(s) of Corruption or Fraud in the manner set out in this Policy.

5. FRAUD AND CORRUPTION CONTROL AND RISK MANAGEMENT

5.1 Fraud and Corruption Control

CPA Australia's Risk and Compliance Manager oversees CPA Australia's Fraud and Corruption Risk Management.

5.2 External Assistance regarding Fraud and Corruption

CPA Australia is committed to providing sufficient resources to mitigate the risk of Fraud and Corruption occurring. CPA Australia may obtain external assistance and legal advice in respect of CPA Australia's Fraud and Corruption risk management practices, where required (including advising on issues relevant to the ongoing risk management of Fraud and Corruption or with investigations of specific incidents of Fraud or Corruption).

5.3 Program for Fraud and Corruption Risk Management

The Risk and Compliance Manager under the supervision of the Chief Financial Officer, is responsible for developing and maintaining CPA Australia's Fraud and Corruption Risk Management Plan and Program.

An assessment of Fraud and Corruption risks will be conducted, at least, on a biennial basis. As part of this assessment, Fraud and Corruption risks will be rated according to the level of risk. Actions to be taken from this assessment will be reflected in the Fraud and Corruption Risk Management Plan and Program.

5.4 Implementation of Fraud and Corruption Risk Management Plan and Program

The organisation is responsible for the implementation of this Policy and the Fraud and Corruption Risk Management Plan and Program.

5.5 Ongoing review of Fraud and Corruption Risk Management Plan and Program

The Fraud and Corruption Risk Management Plan will be reviewed on an ongoing basis and should be formally reviewed at least once every 12 months, as part of the annual assessment of CPA Australia's operational and strategic risks.

Regular internal audits of aspects of the Fraud and Corruption Risk Management Plan and Program will be undertaken and overseen by the Chief Financial Officer and the Company Secretary, to ensure ongoing compliance and effectiveness of the Fraud and Corruption Risk Management Plan and Program.

6. PROCEDURES FOR REPORTING FRAUD AND CORRUPTION

6.1 Reporting

All CPA Australia People are encouraged to report incidents of Fraud and Corruption. All reports of Fraud or Corruption should be made to the Executive General Manager, People and Culture. This can be done in person, in writing or by email. All reports will be kept confidential.

CPA Australia People can also use the reporting mechanisms contained in the [CPA Australia Whistleblower Policy](#).

6.2 Protection of CPA Australia People Reporting Suspected Fraud or Corruption

As set out in 1.4, this Policy is to be read in conjunction with the [CPA Australia Whistleblower Policy](#). The Whistleblower Policy outlines certain legal protections that may apply to CPA Australia People.

6.3 Reports to regulatory agencies

Once internal investigations into allegations of Fraud or Corruption are complete (as described in this Policy), all confirmed reports of Fraud or Corruption may be reported to the relevant law enforcement agency in any country, province or state.

6.4 Recovery of the Proceeds

CPA Australia may take steps to recover the amount of the loss as a result of Fraud or Corruption from any perpetrator(s) through civil recovery proceedings.

7. PROCEDURES FOR FRAUD INVESTIGATION

7.1 Internal Investigations

The CPA Australia Whistleblower Policy sets out principles and processes by which incidents reported under that Policy will be investigated and acted on, including incidents of Fraud or Corruption. Where incidents of Fraud or Corruption are reported but do not fall within the scope of the CPA Australia Whistleblower Policy, similar principles and processes will be applied to the extent appropriate in the circumstances.

7.2 External Investigative Resources

CPA Australia will provide external resources as considered necessary to be able to conduct the investigation.

8. REVIEW OF POLICY

This Policy will be reviewed on, at least, an annual basis, and in conjunction with the regular Fraud and Corruption Risk Management Plan described in section 5 of this Policy. This version of the Policy was approved by the Audit, Risk and Compliance Committee of CPA Australia on 23 November 2020.