



Fraud, Corruption and Whistleblower Procedures

FRAUD AND CORRUPTION AND WHISTLEBLOWER POLICY

ERA - LGBTI Equal Rights Association for the Western Balkans and Turkey operates with a zero tolerance of fraud and corruption, and is committed to encouraging a culture of openness, honesty and accountability in all member organizations who are part of ERA.

ERA's commitment to a culture of compliance and ethical behavior is seen as a benefit to everyone who has contact with the association including the persons in its structure, Executive Co-Directors, employees (whether permanent, part-time, casual or contracted) and community members.

All matters raised by any person will be taken seriously and properly investigated, and all employees about whom a suspicion of fraud or corruption has been raised will be treated equally regardless of their position or years in ERA.

Determination in responding to these suspicions will be made based on findings of fact, actual or potential damage to ERA, co-operation by those employees and legal requirements.

The rights of employees who, in good faith, raise concerns regarding a suspicion of fraud or corruption will be protected.

These Procedures should be read in conjunction with ERA's Code of Conduct and Conflict of Interest Policy and other related ERA policies and procedures, in particular those listed within this document.

REVIEW

These Procedures will be reviewed and amended by the Executive Co-Directors at intervals deemed appropriate by ERA, but at least annually and in conjunction with review of the ERA Code of Conduct and Conflict of Interest Policy.

Factors to be considered when reviewing the Fraud and Corruption and Whistleblower Procedures include:

- confirmation or amendment of ERA fraud control objectives;
- significant changes in ERA operating conditions;
- strategies arising out of recently detected fraud control incidents;
- the results of any fraud risk assessment that have been completed since the most recent version of the Fraud and Corruption and Whistleblower Procedures;
- the results of the internal and external audit reviews;
- changes in fraud prevention practices nationally, regionally and internationally;
- in light of the circumstances at the time of the review that employees responsible for fraud risk management continue to be appropriately skilled and have sufficient allocation of time to discharge their responsibilities;
- the changing nature of fraud and corruption;
- proposed amendments arising out of a review of the ERA Code of Conduct and Conflict of Interest Policy.

OBJECTIVE

The purpose of these Procedures is to establish a framework to proactively manage and minimise the exposure of ERA to fraud and corruption.

These Procedures apply to all Executive Co-Directors and staff members, as well as for the part-time or contracted personnel of ERA.

These Procedures are an integral part of ERA overall risk management plan and are a reference point for ERA's approach to fraud and corruption prevention, detection, and its response plan.

The objective of these Procedures is to protect ERA property, information and other assets from any dishonest attempt - either by members of ERA, contractors or its own Executive Co-Directors or staff members - to gain financial or other benefits by deception or other means.

Additionally, it is to protect the reputation of ERA from corrupt dealings by its staff members or misuse of insider information for personal gain.

Concerns can be reported directly to the financial and administrative manager (in text they will be referred to as the Fraud and Corruption Control Officer).

DEFINITION OF FRAUD

Fraud is defined as:

Dishonest activity causing actual or potential financial loss to ERA, including theft and/or mismanagement of money or other property by persons internal or external to ERA.

Examples of activities which would fall within the above definition are (this list is not exhaustive):

- falsification of expenses and invoices;
- alteration or falsification of records;
- forgery or alteration of financial instruments and securities;
- making a deliberate financial misstatement by, for example, the intentional misreporting of profit, revenue or expenses;
- misappropriation of funds, securities, supplies or any other assets;
- irregularity in the handling or reporting of money transactions;
- failure to account for petty cash receipts;
- misuse of ERA payment cards;
- theft of cash or fixed assets including furniture, fixtures and equipment;
- knowingly providing false information on job applications;
- seeking or accepting gifts from third parties which violates ERA Code of Conduct and Conflict of Interest Policy;
- unauthorized use or misuse of ERA property, equipment, materials or records. This includes ERA payment cards, intellectual property and confidential information;
- any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of ERA owned software licenses;
- any claim for reimbursement of expenses that are not made for the exclusive benefit of ERA or in accordance with an approved ERA Administrative and Financial Procedures and Regulations;
- manipulation of information for the process of achieving an incentive (bonus) payment;
- any similar or related irregularity.

DEFINITION OF CORRUPTION

Corruption is defined as:

Dishonest activity in which a Executive Co-Directors and/or staff members, as well as the part- time or contracted personnel of ERA acts contrary to the interests of ERA and abuses his/her/theirs position of trust in order to achieve some personal gain or advantage for himself/herself/themselves or for another person or entity.

Examples of activities which would fall within the above definition are (this list is not exhaustive):

- payment or receipt of secret commissions (bribes) (either in money or in some form of value to the receiver) which may relate to a specific decision or action by the receiver or generally;
- knowingly allowing or failing to prevent contractors, subsidiaries and other representatives to engage in corruption which is related to the Interests of ERA;
- use of confidential information for accruing personal gain through collusive tendering;
- payment or solicitation of donations for an improper purpose;
- conflict of interest involving Executive Co-Directors and/or staff members, as well as the part-time or contracted personnel of ERA acting in his/her/their own self-interest rather than the interests of ERA;
- nepotism where the appointee is inadequately qualified to perform the job description role to which he/she/they have been appointed;
- manipulation of the procurement process by favoring one tenderer over others or selectively providing information to some tenderers;
- bribing officials (including public officials in foreign countries);
- extortion from ERA member organizations, ERA community members, procurement tenderers and/or consultants;
- any similar or related irregularity.

ERA FRAUD RISK MANAGEMENT STRUCTURE

The ERA Fraud and Corruption Control Officer is accountable for implementation, review and oversight of the Procedures and has overall responsibility within ERA for the following:

- promoting knowledge and raising awareness of these Procedures;
- ensuring that fraud and corruption awareness training is continually relevant and kept up to date and provided to Executive Co Directors and staff members periodically and at least annually;
- reporting of suspected fraud and corruption, as considered appropriate, to the Steering Board;
- instructing staff members of their obligations under these Procedures;
- ensuring fraud risk assessments are undertaken on a periodic basis, whether or not as part of an external audit plan;
- monitoring that fraud control strategies are in place to address risks associated with fraud and corruption identified under ERA policies;
- monitoring the implementation of fraud control strategies;
- arranging for the appropriate investigation of incidents of suspected fraud;
- taking any corrective measures to improve internal controls, following incidents of suspected fraud;
- the responsibility within ERA for identifying risks associated with fraud and corruption.

Fraud and Corruption Control officer has direct access to the Co-Chairs of the Steering Board.

ERA fraud risk management structure includes the following areas of responsibility:

Role	Responsibility
Steering Board	<ul style="list-style-type: none"> ● Review and assess internal controls and report to the General Assembly on any breaches, fraud, theft, litigation and claims; ● Provide guidance in respect of investigations where required, including dealings with the media regarding alleged fraud or corruption investigations.
Executive Co Directors	<ul style="list-style-type: none"> ● Provide oversight and have responsibility for governance, including fraud risk management, at ERA; ● Provide direction and mandate compliance with the ERA Code of Conduct and Conflict of Interest Policy; ● Provide guidance in respect of fraud and corruption investigations in accordance with these Procedures if required; ● Promote the ethical, and lawful use of ERA communication policies; ● Accountable for ensuring effective implementation, regular review and for overseeing the Fraud and Corruption and Whistleblower Procedures; ● Assist the Fraud and Corruption Control Officer in securing the cooperation of the ELG in any investigation process, as required; ● Executive Co Directors are responsible for instituting and maintaining a system of internal control for the prevention and detection of fraud, misappropriations and other irregularities; ● Executive Co Directors are responsible for the implementation of systems aimed at detecting fraud and corruption as soon as possible after the event has occurred and where ERA preventative systems have failed; ● Executive Co Directors should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct; ● Executive Co Directors are expected to display conduct consistent with ERA Code of Conduct and Conflict of Interest Policy and are responsible for reporting conduct inconsistent with this Code; ● Executive Co Directors are required to implement segregation of incompatible duties, monitor and report to the Fraud and Corruption Control Officer situations where this cannot be achieved.
Capacity Development Manager	<ul style="list-style-type: none"> ● Whistleblower Investigation and Protection Officer
Finance and Administration Officer	<ul style="list-style-type: none"> ● Fraud and Corruption Control Officer
Program Team	<ul style="list-style-type: none"> ● Set the tone for zero tolerance of fraud and corruption activities; ● Institute and maintain a system of internal controls for the prevention and detection of fraud, misappropriations and other irregularities;

	<ul style="list-style-type: none"> ● Monitor fraud risks, register and risk mitigation plans. Program team shall consult with the Fraud and Corruption Control Officer to determine that in developing the annual external audit plan, the risk of fraud and corruption and areas identified as being exposed to high levels of fraud and corruption risk are included in the considerations; ● Provide the results of an assessment of the risk that the financial report may be materially misstated due to fraud; ● Promote compliance with ERA policies and procedures; ● Assist the Fraud and Corruption Control Officer to ensure all reports of suspected fraud are acted upon; ● Understand and abide by ERA Code of Conduct and Conflict of Interest Policy; ● Be continuously vigilant to the potential for fraud and corruption; ● Alerting responsible people to their concerns directly, or indirectly through the Whistleblower Protection Program.
External Audit	<ul style="list-style-type: none"> ● In accordance with the requirements of the Auditing Standards, consider the risk of fraud in the conduct of the audit of ERA financial statements.
Fraud and Corruption Control Officer	<ul style="list-style-type: none"> ● Responsible for implementing, reviewing and overseeing the Procedures; ● Monitor that fraud and corruption risks are periodically assessed in accordance with the Risk Management Policy and via the internal audit function; ● Ensure that fraud and corruption awareness training is continually relevant and kept up to date and provided to all Directors and employees periodically and at least annually; ● Communicate on, investigate and report on suspicious fraudulent activity in accordance with these Procedures; ● Have sufficient knowledge and skills to be responsible for the investigation process as defined in these Procedures.
Whistleblower Investigation and Protection Officer	<ul style="list-style-type: none"> ● Appointed to investigate the substance of complaints and determine whether there is evidence to support claims; ● Responsible to safeguard the interests of the Whistleblower.

FRAUD AND CORRUPTION PREVENTION

- ERA Fraud, Corruption and Whistleblower Procedures, as well as ERA Code of Conduct and Conflict of Interest Policy set out acceptable work-related behaviour.

- Fraudulent or corrupt behaviour that breaches ERA Fraud, Corruption and Whistleblower Procedures, as well as ERA Code of Conduct and Conflict of Interest Policy will result in ERA taking disciplinary action against the individual(s), including termination of employment in appropriate circumstances.
- Employees are to confirm in writing, upon signing the employment contract, their compliance with its policies and codes, including ERA Fraud, Corruption and Whistleblower Procedures, as well as ERA Code of Conduct and Conflict of Interest Policy.

COMMITMENT TO FRAUD PREVENTION

- ERA is committed to controlling the risks of fraud and corruption throughout its structure.
- Executive Co-Directors are to manage fraud and corruption risks similar to any other organisational risk, and as such, from time to time the management of fraud may be a component of the ERA performance measurement system.

MAINTAINING AN EFFECTIVE INTERNAL CONTROL SYSTEM

- ERA has established internal controls, policies and procedures in an effort to deter, prevent and detect fraud and corruption.
- ERA internal controls are to be continuously updated to take account of fraud risk in accordance with the other ERA Policies.
- Any control weaknesses identified during investigations should be rectified, which should include an analysis of the underlying root causes.

FRAUD AND CORRUPTION RISK ASSESSMENTS

The Fraud and Corruption Control Officer will monitor that fraud and corruption risks are periodically assessed in accordance with the ERA policies.

The fraud and corruption risk assessments will be carried out by an assigned person as part of general risk review processes across ERA.

When comprehensively reviewing the fraud and corruption risks, ERA should have regard to:

- the definitions of fraud and corruption
- the extent to which fraud and corruption incidents are reflected in identified risks outlined in risk registers
- emerging fraud and corruption trends.

The fraud risk assessment process and all decisions made are to be documented.

The findings of the fraud risk assessment may form a basis for the review of the Fraud and Corruption and Whistleblower Procedures, update of one or more risk registers, communication with the Steering Board and may become input to the external audit plan.

EMPLOYMENT SCREENING

As required by the policies and procedures of ERA, all employees and contractors may be subject to background reference checks and criminal background checks.

Where a background check is required, ERA may verify an applicant's employment history, education and personal references prior to making an offer of employment.

Reference checks may be required to be performed for employees transferring to senior management positions or to a position considered by ERA to be a 'higher-risk' in terms of the potential exposure to fraud or corruption associated with those positions.

Any such reference checks shall be conducted according to ERA Human Resources Policy and Procedures and with the informed and express consent of the relevant individual.

COMMUNICATION AND AWARENESS OF FRAUD

ERA provides new Executive Co-Directors and employees and contractors (as appropriate) with copies of Fraud, Corruption and Whistleblower Procedures, as well as ERA Code of Conduct and Conflict of Interest Policy through a variety of mechanisms which may include, but are not limited to, being distributed via:

- orientation/induction
- email
- fraud and corruption awareness training session.

The fraud and corruption awareness training package may be tailored to various parts of ERA structure if deemed appropriate.

The contents of the training package may, but are not limited to, include:

- definition of fraud and corruption
- key aspects of ERA Fraud and Corruption and Whistleblower Procedures
- key aspects of the ERA Code of Conduct and Conflict of Interest Policy
- things to look out for that may indicate fraud or corruption has been committed
- what to do if fraud is suspected
- who is responsible for handling allegations of cases of fraud
- remedies that are available to be applied when fraud is proven.

The Fraud and Corruption Control Officer will ensure the quality of the training program.

Employees shall receive periodic communications regarding fraud and corruption risks, at a frequency and in a form, as considered appropriate by the Fraud and Corruption Control Officer.

FRAUD AND CORRUPTION DETECTION MEASURES

The ERA fraud and corruption detection program will have systems with the ability to carry out:

- post-transactional review;
- data mining and/or real-time computer system analysis to identify suspected fraudulent transactions. ERA will determine the appropriate use of software applications to use to enable its transactions to be reviewed and anomalies detected for fraud and corruption;
- analysis of management accounting reports.

Executive Co Directors are responsible for the implementation of systems aimed at detecting fraud and corruption as soon as possible after the event has occurred and where ERA preventative systems have failed.

Due to the dynamic nature of fraud, ERA relies on management and employee awareness of the need to escalate and report suspicious activity as part of its detection program.

The External Audit and Executive Co Directors shall cooperate fully with audit procedures carried out by the external auditor during the audit that are aimed at considering the risk of material misstatements in ERA financial statements due to fraud.

WHISTLEBLOWER PROTECTION PROGRAM

ERA has in place a confidential and secure process for its employees to anonymously report unethical conduct without being discriminated against, victimized or harassed.

TYPES OF UNETHICAL CONDUCT ENCOURAGED TO BE REPORTED

The following are examples of unethical conduct which are encouraged, but not limited, to be reported:

- Fraud;
- Corruption;
- Illegal acts including theft, drug sale or use, sexual harassment, violence or threat of violence and criminal damage against property;
- Unsafe work practices;
- Any other conduct which is considered criminal and/or unethical;
- Any other conduct which causes financial or non-financial or loss to the ERA or is otherwise detrimental to the interest of the Association.

BENEFITS AND IMPORTANCE TO ERA OF HAVING A WHISTLEBLOWER PROTECTION PROGRAM

The Whistleblower Protection Program is designed to:

- Encourage employees and members of the general public to report conduct if they genuinely believe a person has breached ERA policies, the law or is otherwise engaged in conduct that is unethical, dishonest, fraudulent, corrupt or otherwise unacceptable;
- Report such conduct through appropriate channels;
- Demonstrate ERA commitment to a fair workplace and outline the process for managing conduct that is reported;
- Protect employees who, in good faith, report such conduct on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment.

WHISTLEBLOWER PROTECTION AND INVESTIGATION OFFICER

ERA Capacity Development Manager is the appointed Whistleblower Protection and Investigation Officer and responsible to safeguard the interests of the whistleblower consistent with legislation and ERA policies.

The Fraud and Corruption Control Officer will support the role of the Whistleblower Protection and Investigation Officer responsible for investigating the substance of complaints and determining whether there is evidence to support the claim.

The Whistleblower Protection and Investigation Officer will operate independently of each other ERA employee in carrying out their duties in relation to the Whistleblower Protection Program.

REPORTING CONCERNS

Concerns about unethical conduct can be raised through any of the following:

- The Fraud and Corruption Control Officer
- The employee's immediate supervisor
- Any member of executive management
- Steering Board
- Confidentially through the Whistleblower Protection Officer.

Any employee who has knowledge of unethical conduct, or has reason to suspect that a fraud or corruption has occurred, or has received information from a third party regarding suspected fraud or corruption involving ERA, shall, as soon as possible, notify his/her/their supervisor or raise it with any one or more of the persons listed above.

If the employee has reason to believe that the employee's supervisor may be involved or is not comfortable reporting the suspicion to their supervisor, the employee shall, as soon as possible, notify the Fraud and Corruption Control Officer or raise it with any one or more of the persons listed above.

Employees shall not discuss the matter with anyone other than one or more of the persons listed above or another person where they are required to by law.

CONFIDENTIAL REPORTING PROCEDURES

ERA provides for the confidential reporting of known, suspected, or potential cases of unethical conduct by contacting the Whistleblower Protection Officer; or making the report and contacting the Steering Board.

CONFIDENTIALITY AND ANONYMITY

- Unethical conduct that is reported under these Procedures will be treated as confidential, subject to exceptional circumstances set out below. This includes the identity of people who have reported conduct and those who are the subject of the report.
- Files created on reports of unethical conduct through whistleblower channels will be kept securely and maintained by the Whistleblower Protection Officer.
- Conduct may be reported anonymously. However, if a whistleblower chooses to disclose an issue anonymously, this may hinder the ability to fully investigate the matter.
- Conduct that involves a threat to life or property, illegal activities or legal action against ERA may require actions that do not allow for complete anonymity. If it is necessary to disclose the identity of the whistleblower who reported the conduct, reasonable steps will be taken to discuss this with that whistleblower first.
- All participants in a fraud investigation shall keep the details and results of the investigation confidential. However, the Fraud and Corruption Control Officer, in consultation with legal

representatives, may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.

TREATMENT OF A WHISTLEBLOWER

ERA will act in accordance with the legal requirements and any relevant regulations regarding the confidentiality of the identity and treatment of the whistleblower. To the extent that it is appropriate and the whistleblower has been willing to disclose their identity, the whistleblower who made the report will be kept informed of the progress made during the investigation and be informed of the outcome of any subsequent investigation (this should be undertaken by the Whistleblower Investigation Officer).

Whistleblowing is not about airing a grievance. It is about real or perceived malpractice. A report may damage the career prospects and reputation of people who are the subject of serious allegations. Therefore if a report is not made in good faith or is found to be malicious, deliberately misleading or frivolous, then this may be dealt with as a breach of ERA Fraud, Corruption and Whistleblower Procedures, as well as ERA Code of Conduct and Conflict of Interest Policy and the person making the report may be subject to disciplinary action.

RELATED AND SUBSEQUENT REPORTING

Should a whistleblower who has reported unethical conduct believe that they have experienced any reprisals, she or he should notify the Whistleblower Protection Officer. The concern will then be investigated as a complaint in accordance with the confidential investigation process described in these Procedures.

FRAUD AND CORRUPTION RESPONSE PLAN

- Based on the nature of the incident, a decision may be made to conduct an investigation internally, or through an external service provider or by other methods e.g. direct police involvement.
- On notification or discovery of a suspected fraud or incident of corruption, the Fraud and Corruption Control Officer will promptly make initial enquiries as the basis for a preliminary assessment of the nature of the suspicion before notifying the Executive Co Directors and Steering Board. The allegation will then be reported to the External Auditor. These officials are to be kept informed of the progress and results of the investigation.
- The Steering Board will consider and determine, at each stage of the investigation, whether the suspected fraud or incident of corruption is to be reported to the authorities.
- After consultation, the Fraud and Corruption Control Officer may prepare an investigation plan and initiate an investigation of matters using appropriately skilled and experienced internal resources.
- The Fraud and Corruption Control Officer will also be required to make recommendations to the appropriate senior executive which will assist in the prevention of similar occurrences.
- The Fraud and Corruption Control Officer will annually provide the Steering Board with a report on the information concerning fraud and corruption investigations conducted during the year.

INVESTIGATION PROCEDURE

- All conduct reported under these Procedures will be investigated on a timely basis by the Fraud and Corruption Control Officer.
- Any evidence to support the claim should be secured physically or by password protected computer, if they are in electronic format, as soon as possible.
- Reports of alleged unethical conduct should contain as much information as possible to allow for proper investigation of the matter. As far as possible, the report should be limited to factual matters that are known or reasonably suspected by the person reporting the conduct.
- Reports that are speculative do not identify with sufficient clarity the nature of the conduct or do not have any factual basis may not be able to be investigated.
- The Fraud and Corruption Control Officer must maintain a register of all reported fraud incidents.
- The Whistleblower Investigation and Protection Officer must maintain a register of all whistleblower reports.

SECURITY OF THE EVIDENCE

The Fraud and Corruption Control Officer, in consultation with legal authorities, shall take action as soon as possible to prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not necessarily limited to:

- removing the records and placing them in a secure location;
- limiting access to the location where the records currently exist;
- preventing the individual suspected of committing the fraud from having access to the records.

The records must be adequately secured until the Fraud and Corruption Control Officer takes possession of the records to begin the investigation.

On completion of the investigation including all legal and personnel actions, any records, documents and other evidence will be returned by the Fraud and Corruption Control Officer to the appropriate personnel.

RIGHTS OF THE INDIVIDUAL(S)

- Reports of actual or suspect fraud and corruption are considered to be allegations only until such time that they are substantiated through the investigation process.
- Employees suspected of fraudulent activity should not immediately be informed and/or suspended from work until advice has been received regarding appropriate action and the requirements of the ERA Disciplinary Action Procedures.
- Unless exceptional circumstances exist, an employee under investigation for fraud shall be given notice in writing of the essential particulars of the allegations following the conclusion of the investigation and prior to final disciplinary action being taken. Where notice is given, the employee against whom allegations are being made may submit a written response to the Fraud and Corruption Control Officer no later than seven calendar days after the notice is received. This requirement is subject to any collective agreement provisions respecting the rights of employees during disciplinary proceedings.

EXECUTIVE CO DIRECTORS

Upon notification from an employee of suspected fraud, the Executive Co Director shall, in the first instance, discuss and agree with the employee the most appropriate reporting mechanism to report

their concern. After this, the Executive Co Director shall provide the appropriate support to the employee to allow the employee to discharge their responsibilities as described in these Procedures. The Executive Co Director shall not attempt to investigate the suspected fraud or to discuss the matter with anyone other than the Fraud and Corruption Control Officer, Steering Board, the Whistleblower Protection Officer or another person where they are required to by law.

EXTERNAL REPORTING

REFERRAL OF THE MATTER TO THE POLICE, ASIC OR OTHER REGULATORY BODIES

- Having regard to the relevant matter, legal authorities must be consulted to determine whether there has been a potential breach of legislation or other requirements and to determine ERA obligations for reporting to relevant external agencies.
- If considered appropriate by the Steering Board, the Police Service is to be advised of the suspected fraud and corruption.
- The Fraud and Corruption Control Officer will report all information relating to investigations to ERA external auditors, subject to identity confidentiality considerations in accordance with the legal requirements and any relevant regulations regarding the confidentiality of the identity and treatment of the whistleblower.
- Where a significant fraud has occurred, ERA will consider how it discharges its continuous disclosure reporting responsibility to the market as required by the any relevant regulations.

DEALING WITH MEDIA REQUESTS

- The Steering Board and Executive Co Directors will determine what, if anything, will be disclosed to the media and identify an appropriate ERA spokesperson, as required, having reference to ERA policies.
- The alleged fraud or audit investigation shall not be discussed with the media by any employee other than by the Steering Board and Executive Co Directors or designated ERA spokesperson.
- If the Fraud and Corruption Control Officer is contacted by the media regarding an alleged fraud or audit investigation, the Fraud and Corruption Control Officer will refer the media to the Steering Board and Executive Co Directors or designated spokesperson.