

PREVENTION OF FINANCIAL WRONGDOING POLICY



Policy number:	25	Version:	1
Drafted by:	Ms Tanmayi Kundap	Approved by Board on:	
Responsible person:	Mr Adam Heegdus	Scheduled review date	

1. INTRODUCTION

Educating The Future Australia Limited (ETF) is a non-for-profit (NFP) that Empower members of impoverished communities to achieve an improved quality of life and capacity to achieve their potential. With this mission, there is a risk of financial wrongdoing. ETF aims to carefully manage and direct funds towards the purpose for which they are given. This policy is one of the means through which ETF will prevent financial wrongdoing.

2. STATEMENT OF COMMITMENT TO PREVENTION OF FINANCIAL WRONGDOING AND GUIDING PRINCIPLES

This policy demonstrates ETF's commitment to prevent and mitigate the risks of financial wrongdoing in our operations and programs. This includes all forms of fraud, bribery, corruption, terrorism-financing, money-laundering and breach of sanctions. This policy is based on the principles of building trust with communities, being accountable to our stakeholders and maintaining integrity and transparency in all our dealings.

3. PURPOSE

This policy aims to minimise the risk of financial wrongdoing from ETF's stakeholders and using ETF's funds in a responsible and for a charitable purpose. ETF is obliged to adhere to national and international laws for the prevention of financial wrongdoing. This involves clear communication of; internal processes to prevent financial wrongdoing, team member responsibilities to ensure reporting of financial wrongdoing, guidance for investigations in case of allegations of financial wrongdoing and ETF's moral and legal obligations towards the funds entrusted to us.

4. CONTEXT

ACFID indicates that fraud and financial crime are the most common concerns about charities reported to the ACNC. Charities can be particularly vulnerable to fraud, as the high degrees of public trust that they receive can provide a cover of respectability for those committing fraud; sometimes a lack of segregation of duties and dependence on a small number of key individuals can result in ineffective oversight; and high-volume funds flows can make suspicious activities harder to identify.

Charities like ETF can potentially be used to raise and distribute funds to finance terrorism. ETF therefore needs to take reasonable precautions to ensure that this is never the case. There

may be serious consequences, including criminal penalties, if we deliberately or inadvertently finance terrorism. The nature of our operations can make us more vulnerable to terrorism financing, for example due to our international presence, complex financial arrangements, organisational structure, access to relatively large sources of funds, areas in which we work and high level of public trust.

5. DEFINITIONS

Bribery – the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages[1] (Further explanation to be provided on bribery and how actions can be construed as bribes or not in particular contexts).

Corruption – the abuse of entrusted power for private gain[2].

Counter-terrorism – the practice, techniques and strategy used to combat or prevent terrorism[3].

Financial wrongdoing – behaviour that is illegal or immoral with regards to financial transactions. Includes bribery, corruption, fraud, money-laundering, terrorism financing and violation of sanctions imposed by the Australian government.

Fraud – dishonestly obtaining a benefit, or causing a loss, by deception or other means[4].

Money laundering – the process of concealing the origin, ownership or destination of illegally or dishonestly obtained money and hiding it within legitimate economic activities to make them appear legal[5]

Terrorism financing – intentionally providing or collecting funds and being reckless as to whether those funds would be used to facilitate or engage in a terrorist act[6].

Whistleblower – a member of staff, volunteer, contractor or partner who reports suspect wrongdoing, including suspicion of fraud, misuse of resources, neglect of duties or a risk to health and safety[7].

6. SCOPE

This policy is applicable to all ETF staff, volunteers and Board members. It is also expected that implementing partner staff, volunteers and governing body members comply with this policy. In this context, financial wrongdoing includes as fraud, corruption, bribery, money-laundering, terrorism financing and violation of sanctions as imposed by the Australian government.

ETF will ensure to conduct checks of individuals and organisations receiving funds against the Criminal Code list of terrorist organisations and the DFAT consolidated list of individuals and entities subject to targeted financial sanctions.

7. POLICIES

ETF promotes a culture of integrity. We are committed to the prevention of financial wrongdoing through fostering an ethical and transparent environment where all individuals actively participate responsibly and care for the organisation's resources and reputation.

7.1. Risk Prevention and Management

ETF will perform assessments of the risk of financial wrongdoing in operations and programs on an annual basis. As per the extent of risks, ETF has designed mitigation strategies detailed within the Risk Matrix and Risk Management Policy.

Including Australia and Timor-Leste, each country of ETF's operations will have an individual risk management plan which entails financial wrongdoing risks and mitigations. This plan is to be updated annually by the Board of Directors and/or Finance, Audit and Risk Committee.

The names of all new individuals and organisations joining ETF as employees, volunteers, Board members or partners will be checked against DFAT 'Consolidated List' of persons and entities subject to targeted financial sanctions imposed by resolution of the UN Security Council, and the Attorney-General's Department 'List of Terrorist Organisations' as per Division 102 of the Criminal Code 1995. ETF will not engage with any individuals or entities that appear on those lists.

7.2. Awareness Raising & Training

For all existing staff, volunteers, Board members of ETF, training will be provided to prevent financial wrongdoing and perform risk assessments. ETF expects these parties to be aware of the risks of financial wrongdoing and act responsibly to prevent situations where wrongdoing can occur. To ensure this, They will be provided with a copy of this policy and will be required to acknowledge that they have read and understood it.

7.3. Detection

Any person suspecting financial wrongdoing related to ETF should report it directly to the Treasurer. The Treasurer should report it to the Chief Executive Officer (CEO) who is expected to appoint a formal investigation team to report the matter to relevant local police authority and/ or the ACNC. There will be no action taken against members who, in good faith decide to report suspicion of financial wrongdoing , regardless of if the claim is proven truthful.

7.4. Response & Investigation

If an allegation of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal (or termination of an individual's right to work as a contractor or volunteer), shall be taken by the appropriate level of management. Where a prima facie case of fraud has been established, the matter shall be referred to the relevant authorities. As per DFAT rules, notification of a suspected fraud or corruption incident must be done within five working days of detection.

ETF will also pursue every reasonable effort, including court ordered restitution, to obtain recovery of any losses from the offender.

ETF will immediately withdraw all support, including any funding, if (organisation name) discovers that any partner organisation or any beneficiary of (organisation name)'s funds is on, or is subsequently added to, the Consolidated List or List of Terrorist Organisations.

8. RESPONSIBILITIES

Every member (including staff, volunteers and Board Members) of ETF has a responsibility to uphold this policy.



The Treasurer is responsible for designing systems that prevent and detect financial wrongdoing. The Treasurer will investigate any reports of suspected financial wrongdoing with the support of the external auditors and will report findings to the Chief Executive Officer for decision-making.

If the Managing Director (or CEO equivalent) is implicated in the financial wrongdoing, this responsibility reverts to the Board Members.

9. REVIEW

Approved by: Board of Directors

Approval Date:

Review Date:

Policy Owner: Treasurer

Educating The Future Australia Limited's Prevention of Financial Wrongdoing policy will be reviewed for effectiveness and updated as required every two years. This policy will be approved by management and the Board.