



Version No.	Version 1.1
Last Revised	21 June 2024
Effective Date	21 June 2024
Responsible Person	The Board

FINANCIAL WRONGDOING POLICY

For the purpose of this policy, 'CRSF' means the Cambodia Rural Students Foundation

1. CONTEXT

CRSF operates in a complex and changing international environment. We rely on the support of community, government and corporate donors to deliver international programs according to our mandate and charitable purpose. We place a high priority on our responsibility to protect funding and ensure funds are used for the purpose intended.

We recognise that the risks of financial wrongdoing will vary across country, sector and project and will depend on variables such as the type of project, and the overall governance environment and general corruption level in countries where our partners operate. We acknowledge that we work with communities where conditions are difficult, where the people we work with are under significant financial stress and some local systems may be corrupt or fragile.

We recognise that terrorism threatens stability, security and prosperity in Australia and in Cambodia where we have programs. CRSF recognises the risks associated with international funds transfers and the potential misuse by individuals or other organisations to finance or support terrorist activity.

This policy and related documents set out how risks will be assessed and how strategies will be developed for the prevention, detection, and control of financial wrongdoing. It is intended to promote awareness and prevent support being provided to terrorism and money laundering. The policy seeks to prevent, detect and deter the deliberate or unknowing facilitation or support of terrorist groups or organisations, or individuals associated with terrorism and/or organisational crime.

CRSF acknowledges its obligations under both Australian and Cambodian laws and is committed to ensuring that the people within the scope of this policy are aware of their obligations and that there are procedures in place to minimise the risk of all financial wrongdoing including the support for individuals and organisations associated with terrorism or money laundering.

2. SCOPE

This policy applies to all CRSF representatives, defined as any personnel undertaking tasks on behalf of CRSF, as per the Governance Framework. CRSF representatives are accountable and responsible for fraud and corruption control, and the prevention and awareness of counter-terrorism financing and anti-money laundering. This policy and related documents outline mechanisms for the prevention and detection of financial wrongdoing in projects, partnerships and organisation decision making. It applies to operations in Australia as well as overseas.

Financial wrongdoing includes:

- (a) fraud,
- (b) corruption,
- (c) bribery,

- (d) money-laundering,
- (e) terrorism financing,
- (f) breach of sanctions imposed by the Australian government,
- (g) theft of funds or property,
- (h) false accounting,
- (i) forgery or unauthorised alteration of a document,
- (j) failing to declare a conflict of interest,
- (k) creating an unauthorised liability,
- (l) wrongfully using information or intellectual property, or
- (m) actions to gain non-monetary benefits such as power, status, control or information.

3. POLICY COMMITMENTS

Principle 1: We will promote a culture of honesty, integrity and trust; cultivating an ethical and transparent environment where all personnel actively participate in responsible stewardship of the organisation's resources and reputation.

Principle 2: We will use robust financial and programming policies, procedures and audit mechanisms, including adherence to recognised standards, to manage our finances and identify financial wrongdoing.

Principle 3: We will use risk management methodology to identify and control financial wrongdoing risks in all of our operations and programs.

Principle 4: We will make all reasonable efforts to ensure that funds for our international activities are not being directed to anything other than the intended purpose, and especially not to terrorist activities or to individuals or organisations linked with terrorism.

Principle 5: We will act immediately on discovery of any instance of financial wrongdoing including terrorism financing in any part of our operations and programs, to stop the wrongdoing, hold perpetrators to account, identify root causes and risks, and implement systemic change to reduce the likelihood of repetition.

4. POLICY IMPLEMENTATION

4.1 Establishing and maintaining a culture to minimise financial wrongdoing

- (a) CRSF representatives must report actual or suspected financial wrongdoing and other breaches of the policy, including any known or suspected links with any organisation or individual associated with terrorism or money laundering.
- (b) CRSF representatives will understand their responsibilities and their obligations to report wrongdoing.
- (c) CRSF representatives will receive training regarding correct financial procedures and what constitutes a breach of these requirements. Financial wrongdoing risks, prevention and reporting training will be provided at induction and in regular updates thereafter to ensure representatives are aware of risks and minimise opportunities for financial wrongdoing. Representatives are expected to be continually aware of the risks of financial wrongdoing and to minimise the opportunities and situations where such wrongdoing can occur.

4.2 Financial and Programming Policies and Processes

- (a) CRSF will maintain appropriate policies and procedures that act together to prevent and address financial wrongdoing.
- (b) CRSF will have procedures to review project expenditure by partners at regular intervals, and require appropriate record keeping, reporting and audit practices.
- (c) Prevention of financial wrongdoing will be covered in all agreements between CRSF and engaged third parties.
- (d) CRSF will periodically complete a fraud control checklist to be submitted to and approved by the CRSF Board.
- (e) CRSF will follow good practice (including as recommended by DFAT, ACNC and ACFID) for financial management and identifying financial wrongdoing. Our processes for finance and resource management will include (but are not limited to):
 - (i) conducting financial transactions where possible through regulated financial institutions;
 - (ii) maintaining oversight of the whole program and keeping records of assistance provided to program partners and any third parties;
 - (iii) conducting follow-up checks (including internal and external audits) to ensure assistance is delivered as intended and financial records are accurate;
 - (iv) providing periodic counter-terrorism financing and anti-money laundering awareness raising and training to CRSF representatives, based on the level of risk; and
 - (v) reporting suspicious activity to the relevant funding body and/or the Australian Federal Police, as required.
- (f) Our processes to identify financial wrongdoing will include:
 - (i) internal reviews and office audits;
 - (ii) program evaluation and monitoring awareness during reviews;
 - (iii) internal audits;
 - (iv) external audits; and
 - (v) robust grievance and investigation procedures.

4.3 Risk Management, Mitigation, and Control Measures

- (a) CRSF will periodically perform risk assessments related to financial wrongdoing in its operations and programs. Mitigation strategies will be designed and will be proportionate to the extent of the identified risk.
- (b) CRSF will conduct periodic financial risk assessments as part of establishing new partnerships, new projects or new phases of projects.
- (c) Each project will have a separate risk management plan that includes financial wrongdoing and risk control measures.
- (d) CRSF will have procedures to review expenditure items, including but not limited to credit card use, travel, employee reimbursements, and asset audits.

- (e) CRSF will conduct terrorism screening for its representatives.
- (f) CRSF will conduct appropriate pre-employment screening.

4.4 Terrorism Financing Prevention

- (a) We will undertake checks of individuals and organisations receiving funds against:
 - (i) the Attorney General's Department List of Terrorist Organisations (includes all organisation listed by the Australian Government as terrorist organisations under the Criminal Code because they advocate the undertaking of a terrorist act),
 - (ii) the DFAT lists of persons and entities subject to a targeted financial sanction imposed by resolution of the United Nations Security Council, and
 - (iii) and other lists as warranted.
- (b) We will comply with relevant anti-terrorism laws.
- (c) We will comply with all relevant anti-terrorism laws in Australia and Cambodia.
- (d) Where funds are provided to program partners as CRSF representatives, CRSF will:
 - (i) use our best endeavours to confirm their identity, credentials and good standing, including, where appropriate, obtaining police and reference checks;
 - (ii) require assurances from the program partner that it will not provide funding or make assets available to a terrorist organisation; and
 - (iii) use our best endeavours to ensure the program partner is aware of, and seek assurances that the partner will comply with, all applicable laws (whether in Australia or overseas) in respect of counter terrorism or anti-money laundering as well as relevant CRSF policies.

4.5 Reporting Financial Wrongdoing

- (a) CRSF representatives will be trained on how to report suspected acts of financial wrongdoing.
- (b) We will report any incident of financial wrongdoing related to funds from an institutional donor to the donor, in line with the relevant grant agreement requirements.
- (c) We will make all mandatory reports to DFAT, ACNC and other statutory bodies as required.
- (d) A person who discovers or suspects dishonest or fraudulent activity directly or indirectly involving CRSF will be required to immediately report it to, as appropriate, the CRSF Board.

4.6 Investigating Financial Wrongdoing

Investigations will be promptly conducted by appropriately skilled and experienced personnel.

4.7 Addressing Financial Wrongdoing

In the case of financial wrongdoing by staff or volunteers working on CRSF funded activities, CRSF will use its strongest influence to require prompt and appropriate disciplinary action, and to close underlying management and governance gaps to mitigate future exposure. CRSF may withhold funding until risks are adequately mitigated.

4.8 Action on Discovery of Terrorism Financing

- (a) CRSF will immediately withdraw all support, including funding, if we discover that an individual or organisation is on, or is added to, the Consolidated List or List of Terrorist Organisations.
- (b) CRSF will report to the Australian Federal Police any suspicious activity including diversion of funds or resources, or if any link is discovered between funds provided by us and a terrorist organisation or individual terrorist.

4.9 Roles and Responsibilities

A culture of Prevention of Financial Wrongdoing starts with strong leadership and role clarity. At CRSF, the CRSF Board:

- (a) ensures they conduct themselves ethically;
- (b) is subject to this policy in relation to prevention of financial wrongdoing;
- (c) ensures effective policies to support the prevention of financial wrongdoing are in place;
- (d) promotes a culture that ensures that prevention of financial wrongdoing is integral to how things are done; and
- (e) monitors and provides oversight of the internal control environment for the prevention of financial wrongdoing.