

CLAN Financial Impropriety Risk Management Policy

Version No: 2.0 (January 2011, October 2019, March 2020)

Date Approved: February 2024

Date Updated: February 2024

Date Review Scheduled: March 2026

1. Introduction

In the Non-Government Organisation setting it is imperative to have safeguards in place to minimize the risk of financial impropriety whether deliberate or not by any member of the organisation. Such activity could be found to be illegal and attract a serious legal penalty. More importantly it could irreparably damage the reputation of CLAN.

CLAN prohibits fraud and financial impropriety in the actions of its Committee members, employees, vendors, contractors, consultants, volunteers, and others seeking or maintaining a business relationship with CLAN.

2. Purpose

The purpose of this policy is to:

- i. Ensure that all parties are aware of their responsibilities for identifying exposures to financial impropriety, including but not limited to fraud, bribery, corruption, counterterrorism, money-laundering, and theft. Responsibilities also include undertaking risk management procedures to establish controls and procedures for preventing such financial impropriety and/or detecting it when it occurs.
- ii. Provide guidance to staff as to action which should be taken where they suspect any financial impropriety
- iii. Provide a clear statement to staff forbidding any illegal activity including financial impropriety for the benefit of the organization
- iv. Provide assurance that any and all suspected financial impropriety will be fully investigated.

3. Scope

This policy applies to all Committee members, staff, volunteers and partner organizations of CLAN whilst in the planning and /or the delivery of CLAN programs. This policy also applies to partners who receive funding and resourcing from CLAN.

4. Definitions

Term	Definition
Financial Wrongdoing: terrorism	Behaviour that is illegal or immoral with regards to financial transactions. Includes bribery, corruption, fraud, money-laundering,

financing and violation of sanctions imposed by the Australian government.

Fraud:	Dishonestly obtaining a benefit, or causing a loss, by deception or other means.
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.
Fraud and financial Impropriety	<p>Fraud and financial impropriety shall include, but is not limited to the following:</p> <ul style="list-style-type: none">• Forgery or unauthorized alteration of any document or account• Forgery or unauthorized alteration of a cheque, bank draft, or any other document• Misappropriation of funds, securities, supplies, or other assets, including employee time• Impropriety in the handling of money or reporting of financial transactions• Profiteering as a result of insider knowledge of information or activities• Unauthorised disclosure of confidential or proprietary information to any unauthorised individual or organisation• Unauthorised disclosure of investment activities engaged in or contemplated• Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials, except as otherwise permitted by law or policy• Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment• Failure to provide financial records required by government or other entitled entities• Failure to disclose conflicts of interest as required by law or policy• Disposing of property for personal gain or benefit• Any other dishonest act regarding the finances• Violation of sanctions imposed by the Australian Government.
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. (Authored by Michelle Pearce based on requirements of Compliance Indicator 8.2.1)

Fraud:	Dishonestly obtaining a benefit, or causing a loss, by deception or other means (Fraud Control Framework, Commonwealth Attorney General's Department).
Risk management	AS/NZS 4360:2004 defines as, "the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, assessing, treating, monitoring and communicating". It is an iterative process that, with each cycle, can contribute progressively to organisational improvement by providing management with a greater insight into risks and their impact.
Terrorism financing	The financing of terrorism involves providing finance or financial support to individual terrorists or non-state actors. Funds may be raised through donations, self-funding or criminal activity and transferred to a terrorist network, organization or cell.

5. Policy

The Committee of CLAN has ultimate responsibility for the prevention and detection of fraud and financial impropriety and is responsible for ensuring that appropriate and effective internal control systems are in place.

All managers/supervisors must ensure that there are mechanisms in place within their area of control to:

- i. Assess the risk of financial impropriety
- ii. Educate employees about prevention and detection of financial impropriety
- iii. Facilitate the reporting of suspected financial impropriety

All staff, volunteers/others share in the responsibility for the prevention and detection of financial impropriety in their areas of responsibility. All staff have the responsibility to report suspected financial impropriety. Any staff member/volunteer/other who suspects financial impropriety must immediately notify the Executive Committee or their supervisor. In situations where the supervisor is suspected of involvement in the financial impropriety, the matter should be notified to the next highest level of supervision.

All complaints of suspected fraud or financial impropriety will be investigated by the appropriate body pending the nature of the suspected activity. If the activity is suspected of being illegal the matter will be referred to the respective law enforcement agency.

Any finding of fraud or financial impropriety by any staff member shall constitute grounds for dismissal.

6. Procedures

- i. Financial impropriety prevention accounting procedures shall be incorporated in the organisation's policies related to Cash Management, Credit Card Use, Commercial Transactions, and Investment.
- ii. Authority to issue and sign cheques on behalf of CLAN is limited to the following rules:
 - a. All cheques must contain two eligible signatures.
 - b. Eligible signatories are Committee members or staff members who have been previously nominated and endorsed by the Committee.
 - c. Any two of the above have the authority to sign cheques.
 - d. Signatories cannot sign a cheque made payable to themselves.
 - e. A list of all cheques issued each month will be provided to the Treasurer
 - f. Family members may not sign the same cheques.
- iii. Company credit card and Internet banking transactions must be for business-related goods and services.
- iv. Copies of official receipts and transaction verification slips must be kept and presented to the Treasurer /Accounts section in a timely manner. In instances where such official documentation is unavailable, a written explanation describing the transaction's detail must be provided.
- v. No one transaction must exceed the purchase or payment limit set.
- vi. A requisition or purchase order must be made within the accounting system pending payment, where possible, in particular for goods and services above the prescribed amount.
- vii. Recruitment strategies shall incorporate prevention to financial impropriety risks:
 - a. Applicants may be required to undergo police checks where required by the duties of the position
 - b. Previous employers and referees shall be contacted
 - c. Requests may be made of potential applicants for validation of transcripts, qualifications, publications and other certification or documentation.
- viii. Financial impropriety prevention and detection issues will be included in relevant staff development and induction activities. Accounting records will be regularly examined and monitored by the finance manager, or functionary, on a monthly basis
- ix. Financial Management reports will be regularly tabled for examination during Committee meetings.
- x. Vendors and contractors shall be asked to agree in writing to abide by these policies and procedures.

7. Reporting and Investigation

- i. It is the responsibility of all CLAN personnel to report all suspected, attempted or actual fraud or corruption incidents. Reports of alleged financial impropriety or wrongdoing are to be reported to the President of CLAN. Information and contact details are provided on CLAN's website: www.clanchildhealth.org.au
- ii. All complaints of suspected financial impropriety or wrongdoing will be investigated providing protection of those individuals making the complaint and natural justice to those individuals being the subject of any such complaint. Investigations will not be disclosed to, or discussed with anyone other than those who need to know.
- iii. Where, as a result of that investigation financial impropriety has been established or suspected the matter shall be referred to the respective law enforcement agency. Any action taken by police shall be pursued independently of any employment-related investigation by the organisation. Immediate action will be taken to protect records from theft, alteration or destruction.
- iv. If a staff member/volunteer/other is found to have committed fraud or financial impropriety, the Committee shall take or recommend appropriate disciplinary action up to and including termination of engagement.
- v. In cases involving monetary loss, CLAN may seek to recover lost or misappropriated funds.
- vi. Matters involving financial impropriety will be reported to CLAN's governing body and reviewed.

8. Sanctions

The Committee may suspend, transfer to other duties any employee who is under investigation for fraudulent behaviour or financial impropriety, and reserves the right to terminate any employee after an investigation.

Legislation

Anti-Money Laundering and Counter-Terrorism Financing Act 2006
Australian Charities and Not for profits Commission Amendment (2018 Measures No.2)
Regulations 2018

References

ACNC External Conduct Standards
Australian Auditing Standards
Australian Accounting Standards (Cth)
Criminal Code Act 1995

Supporting Documents

Counter Terrorism Policy
Financial Management Policy
Fund Raising Policy
Risk Management Policy
Whistleblowing Policy