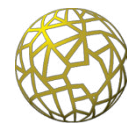


Prevention of Financial Wrongdoing

ACFID Code of Conduct Topic Guide



This guide outlines the requirements in the ACFID Code of Conduct related to the prevention of financial wrongdoing. Financial wrongdoing encompasses **fraud, corruption, bribery, money-laundering, terrorism-financing, and violation of sanctions**.

The Code has a specific Commitment that deals with the prevention of financial wrongdoing under Resource Management, and it is also a component of the Collaboration, Governance and Quality and Effectiveness sections. Additional guidance can be found in the online [Good Practice Toolkit](#).



QUALITY PRINCIPLE 8: RESOURCE MANAGEMENT

Commitment 8.2 We ensure that funds and resources entrusted to us are properly controlled.

Compliance Indicator

Verifiers

8.2.1 Members effectively control and manage their financial resources and risks.

Members are required to ensure they have appropriate mechanisms to assess, manage and mitigate the risks relevant to the financial wrongdoing requirements of this Compliance Indicator and Verifier when working with partners.

Policy, procedure or guidance documents that address:

- Risk management and control mechanisms.
- Financial wrong-doing, especially fraud, corruption, bribery, terrorism financing and money-laundering and violation of sanctions imposed by the Australian Government.
- Checks of individuals and organisations receiving funds against the Australian National Security Listed Terrorist Organisations and the DFAT ASO Consolidated List of all persons and entities listed under Australian sanctions laws.
- Appropriate and effective internal controls.

8.2.5 Members undertake due diligence assessments of partners who manage funds on behalf of the member.

A documented due diligence process which:

- Assesses the partner's capacity to apply funds or resources in accordance with the member's charitable purpose, promise to the donor, the member's strategy, and the specific instructions of the member.
- Includes reference to checking partners against prohibited entities listings.
- Assesses the partner's capacity to manage and control funds

Commitment 8.1 We source our resources ethically.

8.1.1 Members have organisational standards for the acceptance of donations.

Policy, statement, guidance document or governing body decision outlining the conditions that must be satisfied to accept or reject a donation.

8.1.3 Members have organisational standards for the procurement of goods and services.

Policy, procedure or guidance document that commits the member to ethical procurement procedures.



QUALITY PRINCIPLE 5: COLLABORATION

Commitment 5.1 We respect and understand those with whom we collaborate.

Compliance Indicator

Verifier

5.1.2 Members undertake due diligence and capacity assessments of organisations with whom they work in formal partnerships.

- A documented assessment process that includes:
 - Alignment with members' values and objectives.
 - Governance, legal registration and authority to work in relevant countries.
 - Financial management capacity and systems.
 - Reference checks of partners against prohibited entities listings.
 - Capacity assessment to implement safeguarding practices including child protection and prevention of sexual exploitation, abuse and harassment.
 - Capacity assessment to implement risk management practices, including financial wrongdoing.



QUALITY PRINCIPLE 7: GOVERNANCE

Commitment 7.2 We meet our legal and compliance obligations.

Compliance Indicator

Verifiers

7.2.1 Members are registered and meet their reporting and legal obligations to the relevant authorities.

- Current registration with the Australian Charities and Not-for-Profit Commission (ACNC).
- Up-to-date ACNC Annual Information Statement, and financial reporting as required.
- Compliance registers or other documented records of obligations and compliance with, Australian laws and regulations, including those that affect overseas activities.
- Periodic reports are provided to the organisation's governing body on legal and compliance obligations.



QUALITY PRINCIPLE 4: QUALITY AND EFFECTIVENESS

Commitment 4.2 We analyse and understand the contexts in which we work.

Compliance Indicator

Verifier

4.2.2 Members assess and manage risk in their development and humanitarian initiatives.

- A risk framework, risk management plan or approach that assesses and addresses risks for all initiatives including from a protection / safeguarding perspective, and risks associated with climate change (see 1.4.1, 1.5.1, 3.2.1).

Good Practice Indicators (not required for compliance)

COMMITMENT 8.2

- Financial wrongdoing policy (or equivalent) specifically references facilitation payments and provides guidelines regarding appropriate forms of gifts and entertainment.
- Regular training is provided to partners and staff on financial policies, in particular financial wrongdoing prevention.

COMMITMENT 5.1

- Joint capacity assessment and re-assessment is undertaken with partners, extended to areas such as human resources, project cycle management systems, risk management, financial management, policy compliance and safeguarding of children and those vulnerable to sexual exploitation and abuse.

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, facilitation payments or other advantages (Transparency International, 'Global Anti-Bribery Guidance', https://www.antibriberyguidance.org/guidance/5-what-bribery/guidance). Within Australia, bribery is defined in the Criminal Code Act 1995 (Cth).
Corruption	Dishonest or illegal behaviour for private gain, especially by people with power or influence (ACNC External Conduct Standards).
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 (Fraud Control Framework, Commonwealth Attorney General's Department; Fraud Control Toolkit, DFAT).
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 (Source: Transparency International AntiCorruption Glossary https://www.transparency.org/glossary/term/money_laundering)
Prohibited Entities	Includes those individuals and organisations within the Australian National Security Listed Terrorist Organisations, and the ASO Consolidated List of all persons and entities listed under Australian sanctions laws, recognising these are not exhaustive, nor the only such listings. For example, the Consolidated List only includes persons and entities listed under Australian sanctions laws, and Members are encouraged to consider whether activities may be subject to other Australian laws, or sanction laws of other countries.
Terrorism Financing	Providing or collecting funds and being reckless as to whether those funds will be used to facilitate or engage in a terrorist act (Criminal Code Act 1995)

ACFID Resources and Communities of Practice

[ACFID Financial Wrongdoing Policy Guidance](#)

[Join](#) the ACFID Finance Community of Practice.

[Useful resources list](#) – financial wrongdoing