Empower with an education to prevent sex trafficking

PREVENTION OF FINANCIAL WRONGDOING POLICY

Document Control	
Document Title	Prevention of Financial Wrongdoing Policy
Document ID	FIN-002
Version	V2.0
Author	Sarah Rogers, Country Director
Review Date	29 July 2026
Reviewer	Nicky Mih, Managing Director
Approval authority	Board
Approver	Sharon Allen, Secretary
Board Resolution	CR-2026-003
Effective date	14 September 2026
Next review date	13 September 2029
Policy Status	Approved

ACN 143 986 074
www.freetoshine.org
info@freetoshine.org

PREVENTION OF FINANCIAL WRONGDOING POLICY

CONTENTS

1. INTRODUCTION

Free To Shine (FTS) is committed to the ethical, transparent and accountable stewardship of all funds, assets and resources entrusted to it, in support of its mission. FTS seeks to ensure that all financial and related decisions are made with integrity, accountability and care, and in the best interests of the organisation and its beneficiaries.

FTS recognises that financial wrongdoing may occur in any organisation and may be perpetrated by persons inside or outside the organisation. FTS has zero tolerance for financial wrongdoing and prohibits fraud, corruption, bribery, facilitation payments, money laundering, terrorism financing and breaches of sanctions in all its operations and activities in Australia, Cambodia and any other country FTS operates in.

This policy sets out FTS's framework for preventing, detecting, reporting, investigating and responding to financial wrongdoing. It supports FTS's commitment to continuously strengthen its governance and financial management practices in line with good sector practice, including the principles of the ACFID Code of Conduct, particularly Quality Principle 8 on Resource Management.

This policy should be read together with FTS's Financial Policy, Whistleblowing Policy, Conflict of Interest Policy, Complaints and Feedback Policy, and relevant Financial Procedures.

2. PURPOSE

The purpose of this policy is to:

- Communicate FTS's zero-tolerance approach to financial wrongdoing.
- Outline the organisation's framework for preventing, detecting, reporting, investigating and responding to financial wrongdoing.
- Clarify the responsibilities of Board members, employees, volunteers, contractors, consultants and relevant third parties.
- Support compliance with the ACFID Code of Conduct, applicable Australian laws, applicable Cambodian laws, donor obligations and FTS's Financial Policy.
- Protect FTS's assets, funds, information, reputation, beneficiaries and stakeholders from harm arising from financial wrongdoing.

3. SCOPE

This policy applies to:

- Free To Shine Ltd and all FTS operations in each country where FTS works.
- All Board members, employees, volunteers, contractors, consultants and any other personnel acting for or on behalf of FTS.
- Relevant suppliers, implementing partners and other third parties, to the extent set out in contracts, memoranda of understanding, funding agreements, partnership agreements or due diligence processes.

This Policy applies to all FTS's activities, both in Cambodia and Australia and any other country in which a representative of FTS is conducting FTS business or any program type of activity.

FTS will extend relevant prevention of financial wrongdoing requirements to partners and other delivery-chain entities through agreements, due diligence, risk assessments, and proportionate monitoring arrangements, consistent with ACFID Code expectations.

4. DEFINITIONS

<table>
<tr><td>Financial Wrongdoing</td><td>Refers to any act or omission that results in the unauthorised use, waste, or loss of the organisation's financial resources, even in the absence of a proven intent to deceive. This includes:

Professional negligence: significant failure to perform financial duties to an acceptable standard (e.g., repeated failure to file statutory tax returns or perform bank reconciliations).
Breach of fiduciary duty: actions where an individual puts their personal interests (or the interests of another person/entity) ahead of FTS’s best interests, even if it doesn't involve a bribe.
Inappropriate use of funds: using restricted funds (grants given for a specific project) to cover general operating costs or different projects without donor consent.
Waste and extravagance: irresponsible spending of the organisation’s resources that fails to demonstrate reasonable value for money and violates the principle of efficient and effective use of funds (e.g., overspending on stationery or other supplies, booking expensive meeting venues when a less expensive venue would adequately meet purpose, unnecessary travel costs like business-class travel or expensive accommodation).
Non-compliance with sanctions: engaging with individuals or entities in countries subject to international trade sanctions without proper authorisation.
</td></tr>
<tr><td>Fraud</td><td>Dishonestly obtaining a benefit, or causing a loss, by deception or other improper means. A key element of fraud is intent. Unlike an honest mistake or administrative error, fraud involves a conscious decision to deceive the organisation for personal or third-party gain. For the purposes of this policy, fraud includes (but is not limited to):

Misappropriating cash, supplies, or equipment belonging to the organisation.
Deliberately misreporting financial information or falsifying records to hide poor performance or theft.
Submitting false or inflated claims for reimbursement (e.g., travel or personal costs).
Creating ghost suppliers, bid-rigging, or submitting invoices for goods and services never received.
Claiming for hours not worked or creating ghost employees.
</td></tr>
<tr><td>Corruption</td><td>The abuse of power or misuse of position, influence, or authority to secure an advantage for themselves or others. For the purposes of this policy, corruption includes but is not limited to:

Facilitation payments: small unofficial payments or gifts made to secure or speed up government or other services. These are
</td></tr>
</table>

	prohibited even when they may be common practice in the local context. ● Bribery: offering, giving, receiving, or soliciting something of value (money, gifts, or favors) to influence the actions of a person in a position of trust. ● Kickbacks: receiving a percentage of a payment from a supplier or contractor in exchange for awarding them work. ● Conflict of interest: failing to disclose a personal or financial interest in a matter where the individual has the power to influence the outcome (e.g., awarding a contract to a family member). ● Nepotism and cronyism: Favouring relatives or friends for employment or project opportunities, regardless of merit. ● Extortion: using threats or intimidation to force the organisation or its partners to provide a benefit.
Bribery	Bribery means offering, promising, giving, requesting, authorising, accepting or soliciting a benefit, whether monetary or non-monetary, with the intention of improperly influencing a person in the performance of their duties or to obtain a business or other advantage not legitimately due.
Money Laundering	The process of concealing the origins of money obtained illegally by passing it through complex transfers or legitimate commercial transactions. For the purposes of this policy, money laundering includes (but is not limited to): ● Receiving funds from unknown or offshore sources with requests for partial refunds. ● Receiving multiple small donations that fall just below reporting thresholds to avoid detection. ● Using the organisation to move funds from one international location to another under the guise of program support or grants.
Terrorism Financing	The provision or collection of funds with the intention that they be used to support terrorist acts, organisations, or individual terrorists. This includes funds from both legal and illegal sources. If the funds are directed to an entity or individual listed on the DFAT Consolidated List or the Australian National Security list, it constitutes terrorism financing.
Sanctions Breach	A sanctions breach means dealing with or providing funds or economic resources to a person, organisation or entity subject to applicable sanctions, including those on the DFAT Consolidated List or the Criminal Code list of terrorist organisations, without lawful authority.
Error	Error means an unintentional mistake, omission or misstatement. FTS distinguishes error from fraud because fraud involves deliberate dishonesty or deception.
Facilitation Payments	Facilitation payment means a small or unofficial payment, gift or other

	benefit given to a public official or other person to secure, expedite or grease the performance of a routine action which the payer is already entitled to receive, such as processing permits, visas or routine services.
Gifts	Any item of value, financial benefit, or personal advantage given to or received by a representative of the organisation, for which fair market value is not paid in return.

5. POLICY STATEMENT AND PROHIBITIONS

FTS prohibits all forms of financial wrongdoing. No person covered by this policy may directly or indirectly engage in, facilitate, ignore, conceal or authorise fraud, corruption, bribery, money laundering, terrorism financing, sanctions breaches or any related conduct.

FTS will not offer, promise, give, request, accept or solicit any bribe or facilitation payment. Where a payment is made under an immediate and serious threat to personal safety, the payment must be reported without delay, documented in full, and escalated for review by senior management.

FTS will not knowingly provide funds or other benefits to individuals or entities linked to terrorism, money laundering or sanctions violations. Relevant screening and due diligence requirements are set out in the Financial Policy and Financial Procedures and must be followed before entering new financial relationships or making material payments.

6. RISK MANAGEMENT AND PREVENTION

FTS will assess and manage financial wrongdoing risks across its governance, programs, procurement, cash handling, payroll, banking, partner relationships, fundraising and expenditure processes. Risk mitigation measures must be proportionate to the level and nature of identified risk.

Financial wrongdoing risks must be reflected in organisational risk management processes and, where relevant, in country, program, partner and transaction-level controls. Higher-risk activities or contexts may require enhanced due diligence, more frequent review, tighter approval thresholds, smaller funding tranches, additional documentation or increased monitoring. Prevention measures include, but are not limited to:

- Separation of duties and delegated approval authority.
- Procurement controls, supplier due diligence and conflict of interest management.
- Secure record-keeping and accurate books and records.
- Bank reconciliations, cash counts, audit and control reviews.
- Screening of relevant individuals and organisations against applicable terrorism and sanctions lists.
- Partner due diligence, contract clauses and proportionate monitoring arrangements.

See FTS Financial Policy sections on separation of duties, procurement, financial wrongdoing, sanctions screening, audit, internal controls, cash counts and reconciliations.

7. GIFTS, HOSPITALITY AND CONFLICTS

Board members, employees, volunteers, contractors and other representatives must not offer, request or accept gifts, hospitality, entertainment, commissions, rebates, personal favours or other benefits that could create an actual, potential or perceived conflict of interest, amount to bribery, or compromise impartial decision-making.

Any offer or receipt of gifts or hospitality in connection with FTS business must be declared, assessed and recorded in accordance with the Conflict of Interest Policy, Financial Policy and any applicable procedures.

8. REPORTING OBLIGATIONS

Any person covered by this policy who becomes aware of, suspects, or is asked to participate in financial wrongdoing must report the matter as soon as possible through the appropriate reporting channel.

Reports may be made to the person’s line manager, the next most senior manager, the Operations Manager, the Country Director, the Chief Financial Officer, the Managing Director, the Board Chair, or through any designated whistleblowing mechanism, depending on the circumstances and any real or perceived conflict in the reporting line.

If the person receiving the report is implicated, or is reasonably perceived to be implicated, the report must be made to an alternative senior person or directly through the Whistleblowing Policy process.

Reports made in good faith will be treated seriously and, so far as practicable, confidentially. A person who reports a concern in good faith, refuses to participate in financial wrongdoing, or assists an investigation must not suffer retaliation or detrimental treatment for doing so.

Persons making a report should provide as much factual information as they safely can, including dates, times, amounts, persons involved, relevant documents and the nature of the concern. They must not conduct their own investigation beyond preserving available evidence where safe to do so.

See the Whistleblowing Policy, Complaints and Feedback Policy, and Financial Procedures for detailed reporting pathways and forms.

9. INVESTIGATION AND RESPONSE

All suspected financial wrongdoing will be assessed promptly and, where appropriate, investigated fairly, objectively, confidentially and proportionately. Investigations may be conducted internally or with external specialist support, depending on the nature, seriousness and location of the matter.

Where a concern involves possible terrorism financing, sanctions breaches or other matters requiring urgent external escalation, FTS will immediately suspend or prevent the relevant transaction and escalate the matter to the appropriate senior officer for consideration of legal and regulatory reporting obligations.

Where wrongdoing is substantiated, FTS may take corrective, disciplinary, contractual, civil or criminal action, including termination of employment or contract, recovery of funds, suspension of payments, referral to law enforcement, referral to regulators, donor notification, and strengthening of internal controls to prevent recurrence.

FTS will comply with reporting obligations to donors and authorities where applicable, including contractual notification requirements for suspected fraud or corruption.

10. BOOKS, RECORDS AND INTERNAL CONTROLS

All financial transactions must be accurately, completely and fairly recorded in reasonable detail and supported by appropriate documentation. No false, misleading, incomplete, hidden or off-book accounts or records may be created or maintained.

FTS will maintain appropriate and effective internal controls to prevent, detect and respond to financial wrongdoing. These controls include segregation of duties, delegated authority limits, reconciliations, review of supporting documents, audits, secure access controls, and periodic monitoring of compliance with policy and procedures.

11. TRAINING AND AWARENESS

FTS will ensure that relevant Board members, employees, volunteers and contractors receive induction and periodic refresher training on financial wrongdoing risks, red flags, reporting obligations, internal controls, and this policy. Training will be proportionate to role, authority and exposure to risk.

Where relevant and practicable, FTS will communicate applicable expectations to suppliers, consultants and partners, and may support partners to strengthen their understanding and implementation of financial wrongdoing controls.

12. ROLES AND RESPONSIBILITIES

Board of Directors

The Board has ultimate responsibility for oversight of financial wrongdoing risk, approval of this Policy, and ensuring that FTS maintains an effective framework of internal controls, reporting, investigation and accountability.

The Board will:

- Receive reports from the Managing Director on all suspected, alleged or substantiated financial wrongdoing, including the actions taken or proposed.
- Oversee the management of significant, complex or high-risk matters, including matters with potential legal, regulatory, donor, reputational or operational consequences.
- Ensure that investigations are independent, proportionate, fair, appropriately documented and conducted by persons with the necessary skills and authority.
- Determine or approve investigation steps where a matter involves the Country Director, Managing Director, a Board member, a conflict of interest, or another circumstance that prevents the Managing Director or Country Director from investigating the matter independently.
- Consider investigation findings, corrective actions, recovery of funds or assets, disciplinary action, notifications to relevant authorities, donors or insurers, and improvements to systems and controls.
- Ensure that no person is subject to retaliation for making a report in good faith or participating in an investigation.

All suspected financial wrongdoing must be reported to the Board by the Managing Director as soon as practicable, consistent with the severity and urgency of the matter.
Any suspected financial wrongdoing involving the Managing Director or a Board member must be reported directly to the Board Chair or, where the Chair is implicated or unavailable, another independent Board member. The Board will determine appropriate investigation arrangements and ensure the implicated person takes no part in decisions, deliberations or access to information relating to the matter, except where procedural fairness requires otherwise.

Treasurer

The Treasurer supports Board-level oversight of financial integrity, key risks, controls and significant incidents of financial wrongdoing as part of the Board’s financial governance responsibilities.

The Treasurer will:

- Support the Board to review financial wrongdoing reports, investigation progress, findings and recommended actions.
- Provide financial governance advice to the Board on the adequacy of financial controls, financial loss, recovery options and remedial measures.
- Assist the Board to monitor whether agreed corrective actions, control improvements and recommendations arising from investigations are implemented.
- Declare and appropriately manage any actual, potential or perceived conflict of interest in relation to a report or investigation.

If the Treasurer is implicated in potential financial wrongdoing they will take no part in decisions, deliberations or access to information relating to the matter, except where procedural fairness requires otherwise.

Managing Director

The Managing Director is responsible for executive implementation of this policy, ensuring appropriate resources, escalation, decision-making and coordination across Australia and Cambodia.

The Managing Director will:

- Receive reports on all suspected, alleged or substantiated financial wrongdoing, including the actions taken or proposed.
- Take immediate and proportionate steps to protect people, funds, assets, records and evidence, and to prevent further loss or wrongdoing.
- Report suspected, alleged or substantiated financial wrongdoing to the Board as soon as practicable, including the nature of the concern, immediate risk controls, proposed investigation approach and any significant developments.
- Determine or approve investigation steps where a matter involves an FTS employee or associate and take actions in accordance with FTS policies and procedures and relevant laws.

If the Managing Director is implicated in a suspected matter, they must not receive, assess, investigate, influence or make decisions about that matter. The matter must instead be managed by the Board in accordance with the Board responsibilities above.

Chief Financial Officer

The Chief Financial Officer is responsible for the design and oversight of the financial control environment, financial wrongdoing risk mitigation, sanctions and terrorism-list screening arrangements, and relevant reporting to the Managing Director.

Country Director and Operations Manager

The Country Director and Operations Manager are responsible for implementing this policy in Cambodia, maintaining oversight of local controls and reporting pathways, and ensuring prompt escalation of concerns and control weaknesses.

They will:

- Promote awareness of this Policy and ensure relevant staff understand their responsibility to report suspected financial wrongdoing.
- Ensure suspected financial wrongdoing is reported promptly, confidentially and in good faith to the Managing Director.
- Report suspected, alleged or substantiated financial wrongdoing to the Managing Director as soon as practicable, including the nature of the concern, immediate risk controls, proposed investigation approach and any significant developments.
- Take immediate and proportionate steps, as directed by the Managing Director, to protect funds, assets, records and evidence and prevent further loss or harm.
- Maintain appropriate confidentiality and protect reporters, witnesses and other participants from retaliation, victimisation or adverse treatment.

All suspected financial wrongdoing must be reported to the Managing Director. Any suspected financial wrongdoing involving the Country Director or Operations manager must be reported directly to the Managing Director, who will oversee investigation and report the matter to the Board in accordance with this Policy.

Finance personnel

Finance personnel are responsible for applying internal controls, maintaining accurate records, undertaking reconciliations and reviews, and escalating any suspected or actual irregularities promptly.

All personnel

All personnel are responsible for complying with this policy and related procedures, acting honestly and ethically, safeguarding FTS resources and information, and reporting suspected financial wrongdoing without delay.

13. CONSEQUENCES OF BREACH

A breach of this policy may constitute serious misconduct and may result in disciplinary action up to and including termination of employment or engagement, recovery action, referral to police or regulators, reporting to donors, or other legal consequences. Breaches may also expose individuals and FTS to civil and criminal liability, financial penalties and reputational damage.

14. REVIEW AND REFERENCES

This policy will be reviewed at least every three years, and earlier if required due to changes in law, ACFID Code requirements, donor obligations, organisational structure, risk profile, or lessons learned from incidents, audits or control reviews.

Related documents:

- Financial Policy
- Financial Procedures
- Whistleblowing Policy
- Complaints and Feedback Policy
- Conflict of Interest Policy
- Code of Conduct

REVISION LOG

Version	Date	Summary of Changes	Author
1	March 2019	Initial policy creation	Fiona Cameron
2	June 2026	Policy rewrite - name changed from Fraud and Corruption Policy to Prevention of Financial Wrongdoing Policy. Edits made to align with ACFID best practice.	Sarah Rogers