

# Financial Abuse Assessment



1. Financial abuse is generally limited to the misuse of funds and resources by employees and volunteers.

- True
- False

2. Financial abuse can include instances of bribery and corruption.

- True
- False

3. Select the two situations that are likely to present greater risks of financial abuse in a charity:

- Financial decisions being limited to only a few people
- A staff member being given a charity's credit card to purchase necessary supplies
- Incomplete financial records or statements
- Having three people sign off on use of charity funds

4. Who bears the ultimate responsibility for protecting a charity from financial abuse?

- The charity's CEO
- The finance manager
- The charity's Responsible Persons (the board or committee members)
- The staff members involved in a transaction

5. Select the best answer to complete the sentence. A risk assessment for a charity should not...

- Consider both internal and external financial activities
- Seek lots of information from stakeholders
- Be left to the board or committee to run and implement
- Note all the consequences of an incident of financial abuse

6. It is important that even part-time staff and volunteers have access to the charity's policy on preventing financial abuse.

- True
- False

7. Select the three options that comprise part of a charity's internal controls for finances

- Audits of finances, assets and stock
- Standardised documentation for processes and policies
- Approvals for time off and unpaid leave
- Reporting credit card transactions to the ACNC
- Due diligence for decisions on the use of funds

8. Which would not be a 'red flag' in thinking about financial abuse in a charity?

- Unexplained journal entries
- Staff being over-defensive or reluctant to disclose information about their work
- Written approvals for transactions provided by different people
- Online transactions that occur out of hours

9. It is important for each member of a charity's board to have a basic understanding of finances and the way their charity's finances work.

- True
- False

10. Select three right answers to complete the sentence: If a charity comes across an incident of financial abuse, it should...

- Follow a written procedure for managing incidents
- Review its policies to see if there may be room for improvements
- Terminate the employment of the people involved immediately
- Seek external help to investigate the incident if it can't manage it internally

# Answers



1. False. It encompasses misuse of the charity's financial resources by people outside of the charity too - for example, partners, suppliers, vendors or the public.
2. True. Financial abuse can include bribery and corruption.
3. The two situations that present greater risks are:
  - Financial decisions being limited to only a few people
  - Incomplete financial records or statements
4. A charity's Responsible Persons (its board or committee members) are ultimately responsible for protecting a charity from financial abuse.
5. A risk assessment for a charity should not... be left to the board or committee to run and implement.
6. True. All staff and volunteers of a charity should have access to charity policies on preventing financial abuse.
7. The three options that comprise part of a charity's internal controls for finances are:
  - Audits of finances, assets and stock
  - Standardised documentation for processes and policies
  - Due diligence for decisions on the use of funds
8. Written approvals for transactions provided by different people would not be a red flag.
9. True. Because a charity's board is ultimately responsible for protecting a charity's financial security, they should each have an understanding of the way the charity's finances work.
10. If a charity comes across an incident of financial abuse, it should...
  - Follow a written procedure for managing incidents
  - Review its policies to see if there may be room for improvements
  - Seek external help to investigate the incident if it can't manage it internally