



# 1 **Turun KY's Plan against Financial Misconduct**

## 2 **01 Introduction**

3 The purpose of this plan is to address financial misconduct targeting the association. The plan  
4 defines different categories of misconduct, outlines various methods for their prevention, and  
5 sets forth a process for handling incidents of misconduct.

6 Misconduct includes acts that are punishable under law as well as acts that, while not legally  
7 defined as crimes, are intended to provide an unfair benefit to the perpetrator or cause harm  
8 to the victim. The term "misconduct" comprehensively describes various dishonest, unethical,  
9 guideline-violating, or illegal actions aimed at gaining unlawful financial benefit.

10 Misconduct can be considered the result of rational thinking, where an individual has weighed  
11 the benefits and costs before making a decision. Key elements of misconduct include intent,  
12 concealment, and the abuse of a position of trust.

13 The primary means for the association to prevent financial losses due to misconduct are  
14 prevention and early detection. The longer misconduct continues, the less likely it is that  
15 damages can be recovered.

16 Misconduct can occur even in organizations with a healthy community. Awareness of  
17 misconduct is the only way to establish necessary controls for its prevention.

## 18 **02 Process for Investigating Misconduct**

### 19 1 § Initiating an investigation

20 Misconduct typically comes to the organization's attention unexpectedly, requiring a swift  
21 response. The purpose of an investigation is to gather sufficient evidence to either confirm or  
22 refute the suspicion of misconduct.

23 Primarily, responsibility for the investigation follows the hierarchy of supervision, meaning that  
24 any observed misconduct should be reported to the nearest supervisor responsible for the  
25 affected area (hereafter referred to as the responsible person). For instance, any misconduct  
26 occurring in Park should be reported to the acting facilities manager.

27 Upon learning of potential misconduct, the responsible person may involve other relevant  
28 parties with essential knowledge, such as the financial manager if the misconduct involves  
29 financial transactions. The investigation process should be as anonymous as possible.

### 30 2 § Planning

31 The investigation must be thorough and well-documented. When misconduct occurs, the  
32 investigation should be carefully planned to assess the severity and scope of the issue reliably.

### 33 3 § Data collection and fact assessment

34 The most critical aspect of evaluating a suspected misconduct case is collecting and assessing  
35 relevant data. The better the investigation is planned, the more meticulous the data collection  
36 process will be.

37 Findings are presented by the responsible person to the board meeting, or in severe and large-  
38 scale cases, to the general assembly of the association. Facts must be carefully assessed and  
39 documented, forming the basis for determining the validity of the misconduct suspicion.

#### 40 4 § Reporting

41 Regardless of whether the suspicion of misconduct is confirmed, the entire investigation  
42 process and all relevant data must be documented for future reference. The report includes  
43 details on the nature and scope of the suspected misconduct. Reports are anonymous and  
44 serve as a historical record of the risk of certain types of misconduct.

#### 45 5 § Consequences and corrective measures

46 Based on the severity of the misconduct, the case is brought to either the board or the general  
47 assembly. Any case involving a board member or an employee of the association is always  
48 presented to the general assembly. Only exceptionally severe or large-scale cases are  
49 escalated to the general assembly.

50 Consequences primarily involve compensation for damages caused. However, they may also  
51 include removal from duties or, in severe cases, expulsion from the association by decision of  
52 the general assembly.

53 Actions may not be limited to internal sanctions, as legal proceedings may also be initiated for  
54 misconduct.

### 55 **3 Prevention of Misconduct**

#### 56 6 § Risk identification and assessment

57 Certain factors in an organization's operations increase the risk of misconduct. The  
58 organization should ensure that it does not have:

- 59 • Excessive pressure to achieve targets
- 60 • A poor ethical atmosphere
- 61 • An excessive amount of unsecured cash
- 62 • A weak financial situation
- 63 • A reward system that incentivizes unethical behavior
- 64 • Customer or supplier expectations leading to improper actions
- 65 • Weak administrative cybersecurity and lack of staff awareness about cybersecurity
- 66 • A poorly functioning internal control system

67 Avoiding these factors and continuously improving operations helps prevent common types of  
68 misconduct. Managing misconduct risks is an ongoing process and a part of strategic planning.  
69 Risks should be assessed continuously and documented for future reference.

#### 70 7 § Internal control

71 Internal control is part of the association's governance and oversight system, carried out by  
72 the board, functionaries, and members.

73 The board operates as the primary authority responsible for internal control under the general  
74 assembly. Functionaries are responsible for internal control within their respective divisions,  
75 roles, or projects, ensuring that any internal misconduct is identified and reported. Members'  
76 role in internal control is mainly to report any suspected misconduct they become aware of.

77 Regular monitoring includes:

- 78 • Observing operations and deviations from expected practices
- 79 • Tracking budget implementation
- 80 • Ensuring adherence to policies and guidelines
- 81 • Conducting various verification and reconciliation procedures
- 82 • Monitoring agreed risk limits and reporting breaches
- 83 • Physical security measures, particularly concerning facilities

84 Signs of weak internal control include:

- 85 • Inadequate documentation (e.g., missing invoices)
- 86 • Lack of written operational guidelines
- 87 • Insufficient documentation of work tasks
- 88 • Complaints
- 89 • An inactive leadership

90 8 § Internal audit

91 All entities handling the association's funds are subject to budgetary accountability. Thus, the  
92 financial manager, treasurers, and controllers conduct internal audits as part of their duties.

93 Internal audits involve vigilance in bookkeeping and monitoring the proper use of funds. While  
94 financial officers are not solely responsible for internal audits, it is part of their duties.

95 The responsibilities and legal obligations of the financial manager, treasurers, and controllers  
96 are detailed in the financial management regulations.

## 97 **4 Types of Misconduct**

98 9 § Overview

99 Previously, misconduct was defined as "acts that are punishable under law as well as acts that,  
100 while not legally defined as crimes, are intended to provide an unfair benefit to the perpetrator  
101 or cause harm to the victim."

102 Accordingly, misconduct can be categorized into three main types: Misuse of assets, financial  
103 misconduct, and corruption.

104 10 § Misuse of assets

105 Misuse of assets refers to unlawful or rule-violating actions involving the association's property  
106 or facilities, intended to provide an advantage to the perpetrator or harm the organization.  
107 Association property includes items purchased, borrowed, or rented with association funds.

108 Example – Rental van: A van rented for an event sustains damage due to driver error. The  
109 driver is responsible for covering the repair costs.

110 Preventative measures include meticulous asset record-keeping, training on proper asset use,  
111 asset monitoring, and responsible use of property and facilities.

112 11 § Financial misconduct

113 Internal audits are essential for preventing financial misconduct. All individuals handling the  
114 association's funds contribute to internal audits, but financial officers hold primary  
115 responsibility.

116 Example – Cash register: A person responsible for a cash register is liable for any  
117 discrepancies.

118 12 § Corruption

119 Corruption is the abuse of power for personal gain. The association prevents corruption  
120 through transparent financial transactions, thorough documentation, and competitive  
121 procurement. However, the most crucial factor in preventing corruption is the organization's  
122 culture. Maintaining a strong ethical culture helps prevent corruption within operations.