

ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING POLICY

Policy number	3.12	Version	2022V3
Responsible Person	Chief Finance and Operations Officer	Approval date	16-08-2022

INTRODUCTION

ASHM embraces a risk-based approach to managing compliance, ensuring adequate controls are implemented to combat, detect, and report potential money laundering and financing terrorist activities.

As at August 2017 AUSTRAC and the Australian Charities and Not-for-profits Commission (ACNC) assess Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) risks affecting Australian NPOs as Medium (this assessment remains valid for this 2022 policy review.) This is primarily based on suspicious matter reporting, the number of investigations into predicate crimes involving NPOs, and anecdotal insights from sector representatives regarding levels of criminal exploitation.

The key threats facing the NPO sector are fraud and theft of resources. General factors that increase any NPO's vulnerability to money laundering or terrorism financing include:

- poor understanding of the risks of money laundering and terrorism financing
- poor due diligence on key personnel, volunteers, partners and beneficiaries
- inexperienced staff
- lack of formalised training and ongoing professional development
- poor record keeping
- weak internal controls
- poor transparency and accountability of the end-to-end funding cycle
- beneficiaries or operations in countries with poor AML/CTF regimes
- beneficiaries or operations in conflict or post-conflict regions
- beneficiaries or operations in dispersed ethnic communities in Australia, with strong links to high-risk countries (specific to terrorism financing only).

PURPOSE

The purpose of the Policy is to confirm ASHM's commitment to dealing with AML and CTF risk and to outline the key rules that underpin this commitment.

DEFINITIONS

Money Laundering is the process of concealing the existence, illegal source, or application of income from criminal activity and the subsequent disguising of that income to make it appear legitimate. Money laundering is just as serious as the underlying crimes that generate the money that is laundered.

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Terrorism financing refers to activities that provides financing or financial support to individual terrorists or terrorist groups.

Vulnerability refers to the characteristics of a sector that make it susceptible to money laundering (including criminal misuse) or terrorism financing.

Consequence refers to the potential impact or harms of money laundering and terrorism financing in the NPO sector. It involves consequences for NPOs, individuals, national and international security, and the Australian economy and community

POLICY

ASHM international staff, board members, contractors, suppliers and funders may be subject to antiterrorism checks.

Checks will be performed against the Criminal Code list of terrorist organisations and the DFAT consolidated list of individuals and entities subject to targeted financial sanctions, as per the following:

[Asian Development Bank Sanction list](#)

[Attorney General's Department List of Terrorist Organisations](#)

[DFAT's Consolidated List](#)

[World Bank Listing of Ineligible Firms](#)

(List updated March 2022).

The lists are consolidated in DFAT's program LinkMatchLite.

The following are subject to mandatory terrorism checks against the lists above:

- Contractors, funders and suppliers engaging in money exchange with ASHM for more than \$20,000 annually.
- Partner organisations, their board members, Directors and staff members involved in the ASHM project, and their suppliers and contractors for more than \$20,000 annually
- ASHM International staff
- ASHM Board Members

ASHM generally receives funding from government bodies, well known international agencies or companies with which it has previously done business. Any money received from sources that do not fit this profile will be investigated in accordance with acknowledged Australian Government 'Know Your Customer' procedures.

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All checks against prohibited entity listing will be documented as part of ASHM's due diligence checks for new contracts. Where relevant, partner organisations will also be informed of the requirement to perform similar checks.

ASHM will maintain strong controls over its expenditure, as documented in its Fraud Management and Segregation of Duties policies, to ensure it knows where funds are being dispersed and that payments related to approved activities are supported by a contract which has undergone due diligence processes.

Finance staff are trained on AML/CTF risks and threats to assist in identifying any unusual transactions.

Any unusual activities, receipts or payment requests which might indicate AML/CTF activity will be escalated immediately to ASHM CFOO and thence to relevant regulatory bodies for further investigation.

ASHM will adhere to any AML/CTF directives imposed on it by relevant regulators.

ASHM performs police checks on all new employees.

Whilst ASHM provides services in countries with poor AML/CTF regimes, all staff are based in Australia and the supervision and management of all service contracts, as well as its banking and finance operations, are performed in Australia.

Any incidents or suspected incidents will be reported to the senior management team following the Incident Report Framework located in the Risk Management Policy.

RELATED POLICIES

- 3.03 Risk Management Policy
- 3.06 Fraud Management Policy
- 4.09 Staff Recruitment Policy
- 5.12 Segregation of Duties and Financial Control
- 5.18 Financial Record Retention Policy

AUTHORISATION

ASHM Board

HISTORY

Version	Approved Date	Comments/ Amendments
2018v1	21-06-2018	First version of this policy
2021v2	17-06-2021	Policy reviewed and updated in 2021 to verify compliance with current risk ratings and assessments.
2022v3	16-08-2022	Terrorism check lists are updated Compliance verified with current risk ratings and assessments. Added mandatory check list

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ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING PROCEDURE

Procedures number	3.12	Version	2022V3
Responsible person	CFOO	Approval date	16-08-2022

RESPONSIBILITIES

ASHM Board and Senior Management are responsible for approving and the ongoing oversight of ASHM's AML/CTF activities.

ASHM's Chief Finance and Operations Officer is responsible for financial control and the monitoring and reporting on the effectiveness of the risk management and compliance management framework of AML and CTF risks.

ASHM staff must make reasonable efforts to determine the identity of ASHM customers and report activity identified as unusual.

All staff are responsible for performing the anti-terrorism check and recording it as per policy above.

PROCEDURES

All procedures relating to Fraud Management, Segregation of Duties, Document Retention, Recruitment are included in the relevant policies.

If a suspicion is identified, then this should be notified by the staff member straight away to the CFOO or CEO.

The CFOO should then perform an investigation into the transaction and conclude as to whether it is indeed suspicious and therefore requires reporting to the relevant regulatory body.

If the transaction is reported then the CFOO and CEO will then respond to the regulator's enquiries and requests for information, as required.

The FRMA and Board should be notified in due course and once definitive information about the transaction has been completed.

The Finance Division should perform supplier's check

HR should perform ASHM International staff checks

Consultants checks are the responsibility of project staff.

RELATED DOCUMENTS AND FORMS

None

AUTHORISATION

ASHM CEO

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