

ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING POLICY

Policy number	3.12	Version	2024/V4
Responsible Person	Chief Finance and Operations Officer	Approval date	Oct 2024

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 NGOs as Medium (this assessment remains valid for this 2024 policy review). This is primarily based on suspicious matter reporting, the number of investigations into predicate crimes involving Not For Profits (NFPs), and anecdotal insights from sector representatives regarding levels of criminal exploitation.

The key threats facing the NFP sector are fraud and theft of resources. General factors that increase any NFP'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

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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.

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 NFP sector. It involves consequences for NFPs, individuals, national and international security, and the Australian economy and community

POLICY

ASHM staff, board members, contractors, suppliers, volunteers and implementing partners are subject to counter terrorism 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](#)

The lists are consolidated in the screening software we use for running the checks called "LexisNexis".

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

- All staff, board members, contractors, suppliers, volunteers of ASHM
- Partner organisations, their board members, staff, suppliers and partners involved in ASHM global projects.
- Checks are to be completed prior to recruitment of a new board, staff member, contractor, volunteer, supplier and implementing partner and on an annual basis in July each year.

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

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fit this profile will be investigated in accordance with acknowledged Australian Government 'Know Your Customer' procedures.

All checks against prohibited entity listings will be documented.

ASHM will maintain strong controls over its expenditure, as documented in its Fraud Management and Segregation of Duties policies, to ensure we know 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

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		Added mandatory check list
2024 V4	October 2024	New Screening tool "LexisNexis" added, parameters around mandatory checks revised.

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ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING PROCEDURE

Procedures number	3.12	Version	2024V4
Responsible person	CFOO	Approval date	Oct 2024

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 (CFOO) 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 and 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 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 are to perform Supplier checks.

HR should perform are to perform staff, board, volunteer, consultant checks.

Global Program Managers are to perform checks on implementing partners (staff, suppliers and partners related to the ASHM project).

Checks are to be completed prior to recruitment of a new board, staff member, contractor, volunteer, supplier and implementing partner and on an annual basis in July each year.

The resulting reports are to be saved on the Administration SharePoint. Any results causing concern are to be discussed with the CEO or CFOO.

RELATED DOCUMENTS AND FORMS

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LexisNexis Standard Operation Procedure

AUTHORISATION

ASHM CEO

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