

# Counter-Terrorism Policy

## Policy Statement

Transform Aid International (TAI) is an agency that receives funding from the Australian Government and the Australian public.

The Australian Department of Foreign Affairs and Trade (DFAT) advises that terrorists have sought to manipulate and misappropriate resources from humanitarian and development NGOs to underpin their operations.<sup>1</sup> TAI accepts it has a duty, in managing and implementing an overseas aid program, to use reasonable endeavours to ensure that aid funds and resources are not being used to support terrorist activity or money laundering.

This Policy is aimed to ensure that TAI does not provide support or resources to organisations or individuals associated with terrorism, including 'terrorist organisations' as defined in Division 102 of the Commonwealth Criminal Code Act 1995 (Cth).

This Policy seeks to ensure that funds provided to TAI are used in a transparent manner and in accordance with the principles and guidelines against the financing of terrorist groups, as set down by the Australian Government and international and regional donor groups. It outlines best practice principles to effectively manage risk and inform operational procedures.

TAI does not support terrorism in all its forms.

It is important to ensure that TAI does not knowingly become involved with persons or organisations engaged in terrorist activities, and that it **does not provide** any financial, material, or other support to such entities and/or activities.

## Background

In this context, terrorist activities refer to an act, or a threat to act, that uses intimidation to influence government or public services in order to advance a specific ideological agenda and can cause serious harm and danger to people, property, public and private organisations, safety and infrastructure.

TAI recognises that terrorism flourishes in environments of injustice, poverty, political oppression, extremism and human rights abuse. It also flourishes in contexts of regional conflict and foreign occupation; and it profits from weak state capacity to maintain law and order.

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<sup>1</sup> DFAT,  
<https://www.ag.gov.au/CrimeAndCorruption/AntiLaunderingCounterTerrorismFinancing/Documents/Safeguardingyourorganisationagainstterrorismfinancing-booklet.pdf>

The threat posed by terrorism itself and the discovery of any links between aid funds and organisations associated with terrorism poses significant risks. This can potentially impact on continued community support for overseas aid in general, and to an organisation's reputation specifically. This applies equally to the Australian aid program as well as other organisations working in international aid delivery.

TAI's work in an overseas context is associated with specific risks, including:

- Working with local partners in regions where a higher level of terrorist activities is known;
- Remote management; and
- Capacity challenges of local partners.

TAI acknowledges that an inherent element of our obligations to donors supporting TAI is that TAI observes good stewardship of funds.

## **Scope**

This Policy applies to all TAI representatives, projects funded by and/or through TAI, and partners and implementing organisations that are beneficiaries of those funds.

## **Policy Objectives**

The objectives of this Policy are:

- This Policy is aimed to ensure that TAI does not provide support or resources to organisations or individuals associated with terrorism, including 'terrorist organisations' as defined in Division 102 of the Commonwealth Criminal Code Act 1995 (Cth).
- That funds provided to TAI are used in a transparent manner and in accordance with the principles and guidelines against the financing of terrorist groups, as set down by the Australian Government and international and regional donor groups. It outlines best practice principles to effectively manage the risk and inform operational procedures.
- To ensure that TAI's partners and implementing organisations are aware of TAI compliance standards relevant to the prevention of terrorism financing.
- To ensure that TAI's partners and implementing organisations are aware of all relevant security watchlists provided by the Australian Department of Foreign Affairs, the Australian National Security Agency, the World Bank and the Asian Development Bank.

- To ensure that TAI's partners and implementing organisations are checked against the aforementioned security watchlists on an annual basis as part of annual proposal requirements.
- To ensure that TAI, partners and implementing organisations use reasonable endeavours to ensure that all activities (including those carried out by a delivery organisation) comply with relevant Australian and Partner Government laws and regulations as well as TAI policies, including but not limited to those in relation to the proscription against providing direct or indirect support or resources to organisations and individuals associated with terrorism, including 'terrorist organisations' as defined in Division 102 of the Commonwealth Criminal Code Act 1995 and listed in regulations under the act and regulations made under the Charter of the UN Act (Cth) 1945.

## Compliance

The Australian Government has enacted legislation consistent with a number of international counter-terrorism treaties designed to combat terrorism. There are two separate legal mechanisms directly prohibiting activities in relation to individuals and organisations associated with terrorism. They are:

- (i) Part 5.3 of the *Criminal Code Act 1995* (**Criminal Code**);

Under the Criminal Code, there are stringent penalties for, amongst other things, intentionally or recklessly 'getting funds to or from a terrorist organisation' (section 102.6), 'providing support to a terrorist organisation' (section 102.7) and 'financing terrorism' (section 103.1).

- (ii) Part 4 of the *Charter of United Nations Act 1945* (**UN Charter Act**)

Under the UN Charter Act, it is an offence to "directly or indirectly make any asset available to a proscribed person or entity". A list of proscribed persons and entities is available from DFAT: <http://dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list.aspx>

TAI is also bound by the DFAT Grant Agreement (under 'Prohibited Dealings'), as well as the ANCP Manual to safeguard against terrorism-financing. TAI is also bound by obligations under the Australian Council for International Development's (ACFID) Code of Conduct, Quality Principle 8. Commitment 8.2 states that, "we ensure that funds and resources entrusted to us are properly controlled and managed".

## **Policy in Practice**

### **Reasonable Endeavours**

TAI will use reasonable endeavours to ensure that no project funds are used to support terrorist groups. Reasonable endeavours mean that TAI has a positive obligation to act. TAI recognises that the level of risk exposure in relation to terrorism financing will influence what measures are reasonable in practice and will adjust its practice accordingly. TAI Representatives will be equipped to understand and implement risk measures relative to the risk level.

In particular, TAI will ensure that it:

- Knows the persons/organisations that it is directly assisting;
- Makes sure the people/organisations are checked as per the Counter-Terrorism Procedures; and
- Makes sure that directly funded persons/organisations are aware of and obliged to comply with this Policy, and that they in turn are obliged to make sure that their distribution of the funds or support is made on the same basis.

### **Financial Controls**

TAI will have appropriate risk management systems in place to prevent funds going directly or indirectly to individuals or organisations associated with terrorism.

TAI will perform due diligence on its implementing partners to ensure it understands the identity and integrity of the implementing partner. This includes foundational organisational information (e.g. name, contact details, statement of purpose, corporate documents) and history of the implementing partner's project portfolio, including number of beneficiaries and region of operation. TAI will also use financial controls in its management of funds to ensure that funds are sent and received as intended, e.g. holding and transferring funds through regulated financial channels such as banks.

TAI will ensure that implementing partners have financial controls in place to prevent terrorism financing. TAI will monitor implementing partner financial controls and their effectiveness as per the Financial Partnering Guidelines. These activities include programming budgets, audits by programs accountants, using formal financial channels (e.g. banks) to hold and transfer funds, and checking that finance and projects were delivered as intended to agreed project participants.

### **Money Laundering and Terrorism Financing**

Money laundering enables organised crime including the financing of terrorism. TAI is at risk of money laundering through: (1) receiving illicit funds or assets, (2) mixing illicit and legitimate funds to disguise their origin and (3) redistributing them back into the legitimate economy.

In order to prevent TAI dealing with the proceeds of crime, TAI follows systems as per the Acceptance and Rejection of Donations Policy, Financial Systems and Processes Manual, Financial Partnering Guidelines and Background Checking Policy. Through these policies and related systems, TAI reduces the risk of accepting illicit funds and transferring funds to an individual or corporation that is not a legitimate supplier or implementing partner.

The risk of financial wrongdoing (including terrorism-financing and money laundering) will be assessed on a quarterly basis as part of TAI's regular risk management process. The various different risks (fraud, corruption, bribery, money-laundering, terrorism financing and breach of sanctions) will have separate entries in the risk register and individual risk strategies for implementation and monitoring. In addition, the risk register should be updated whenever an incident of financial wrongdoing is suspected to have occurred. The risk register is reviewed by the Management Team, Finance & Audit Committee and Board each quarter.<sup>2</sup>

Each new partner relationship will be assessed in relation to financial wrongdoing risks. Our responses to identified risks may include: deciding not to work with that partner; providing capacity strengthening support to that partner; working with the partner with additional controls (such as more frequent, smaller tranches of money sent, more frequent monitoring visits), or require further assurances from the partner Board via the partnership agreement. Prevention of financial wrongdoing clauses will be included in all agreements with our stakeholders, including employment contracts, Board agreements, volunteer agreements, supplier contracts and partnership agreements.<sup>3</sup>

## Annual screening

TAI will conduct counter-terrorism screening for all partners and TAI representatives on an annual basis against the Australian Government's Consolidated List and List of Terrorist Organisations as well as the World Bank's Listing of Ineligible Firms and Individuals and the Asian Development Bank's Sanctions List (rather than relying on the partner). All funded partners agree to the screening, transparency and accountability requirements.

Prior to signing any agreements for employment, volunteer or Board appointment, new suppliers or partners, the name of the individual or organisation will be checked against the DFAT 'Consolidated List' of persons and entities subject to targeted financial sanctions imposed by resolution of the UN Security Council, and the Attorney-General's Department 'List of Terrorist Organisations' as per Division 102 of the *Criminal Code 1995*. TAI will not engage with any individuals or entities that appear on those lists.<sup>4</sup>

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<sup>2</sup> ACFID: <https://acfid.asn.au/financial-wrongdoing-policy/part-2-good-practice-guidelines-and-tips>

<sup>3</sup> ACFID: <https://acfid.asn.au/financial-wrongdoing-policy/part-2-good-practice-guidelines-and-tips>

<sup>4</sup> ACFID: <https://acfid.asn.au/financial-wrongdoing-policy/part-2-good-practice-guidelines-and-tips>

## Holistic Best Practices

- TAI will identify and monitor the level of risk related to terrorism financing. From time to time, TAI engages in activities where there is a higher risk of financial wrongdoing, for example humanitarian responses. In these instances, a separate set of detailed procedures is to be followed to mitigate this higher risk, whilst still providing for the level of flexibility required to respond to such a situation.<sup>5</sup>
- TAI will execute due diligence in identifying, screening and monitoring partners.
- TAI seeks to promote a high standard of financial accountability and transparency. Records of assistance are clearly documented and partner/project agreements detail requirements regarding counter-terrorism.
- TAI will report suspicious activities as required to DFAT, the Australian Federal Police and the National Security Hotline.

## Roles and Responsibilities

The Director of International Programs and the Chief Financial Officer have ultimate responsibility for the prevention and detection of terrorism financing, and for ensuring that appropriate counter-terrorism internal control systems are in place.

The Chief Executive Officer is responsible for ensuring that the internal control environment is effective. All managers should ensure that they assess the risk of terrorism financing in their areas of responsibility. All staff are responsible for operating in accordance with the internal control environment.

Every employee of TAI has an obligation to assist in upholding this policy.

The TAI Board has responsibility for the monitoring and review of this policy.

## Definitions

**Beneficiaries:** individual people or groups of people who receive charitable, humanitarian or other types of assistance through the services of TAI and its implementing partners

**Bribery:** The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages.

**Counter-terrorism:** The practice, techniques and strategy used to combat or prevent terrorism.<sup>6</sup>

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<sup>5</sup> ACFID: <https://acfid.asn.au/financial-wrongdoing-policy/part-2-good-practice-guidelines-and-tips>

<sup>6</sup> ACFID Code of Conduct <https://acfid.asn.au/content/general-definitions>

**Fraud:** Dishonestly obtaining a benefit, or causing a loss, by deception or other means.<sup>7</sup>

**Money laundering:** The process of hiding or disguising the source of illegally obtained (“dirty”) funds to make them appear legitimate (“clean”), e.g. by filtering them through the financial system. Money laundering reduces the risk of detection and confiscation by authorities. It is just as serious as the criminal activity behind it – and preventing it can help reduce crime.

**Reasonable Endeavours:** The phrase “reasonable endeavours” is used in recognition of the difficulties that may be encountered in ensuring that indirect support is not provided, particularly when there are multiple layers of decision making between the organisation TAI is providing funding to and the ultimate beneficiaries. The phrase denotes a positive obligation to act. The test of whether or not reasonable endeavours have been used will be specific to the circumstances including the degree of risk in the particular operating environment.

**TAI representatives:** TAI Board members, employees, contractors, consultants, volunteers, interns and vocational placement students.

**Terrorism / terrorist activities:** Refer to acts causing certain defined forms of harm or interference, or a threat to act, that uses intimidation to influence government or public services in order to advance a specific ideological agenda. It can cause serious harm and danger to people, property, public and private organisations, safety and infrastructure.

**Terrorism Financing:** Intentionally providing or collecting funds and being reckless as to whether those funds would be used to facilitate or engage in a terrorist act. The funding of an act that falls under the definition of ‘terrorism / terrorist activities’ above.

**Whistleblower:** A member of staff, volunteer, contractor or partner who reports suspect wrongdoing, including suspicion of fraud, misuse of resources, neglect of duties or a risk to health and safety.<sup>8</sup>

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<sup>7</sup> ACFID Code of Conduct <https://acfid.asn.au/content/general-definitions> / Commonwealth Attorney-General's Department Fraud Control Framework

<sup>8</sup> ACFID Code of Conduct: <https://acfid.asn.au/content/general-definitions>



## Related Policies and Procedures

This Policy should be read in conjunction with:

- International Programs Counter-Terrorism Procedure
- Organisational Counter-Terrorism Check Procedure
- Proposal Assessment Tool and Capacity Assessment Tool
- Consultants Engagement Checklist
- Financial Partnering Guidelines
- Acceptance and Rejection of Donations Policy
- Background Checking Policy
- Financial Systems and Processes Manual
- Financial Wrongdoing Policy

## External References

- ACFID Code of Conduct Quality Principle 8.2 and related resources
- Australian NGO Accreditation Guidance Manual, June 2018
- Australian Department of Foreign Affairs (DFAT) Consolidated List
- Australian National Security Listed Terrorist Organisations
- World Bank Listing of Ineligible Firms and Individuals
- Asian Development Bank Sanctions List
- External Conduct Standards: *Australian Charities and Not-for-profits Commission Amendment (2018 Measures No. 2) Regulations 2018*

## Document Control Information

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Date	Version	Revision Description	Reviewed / Updated by
17/02/2011	1	Policy created	Programs Manager
10/04/2016	2	Separated Policy and procedure. Policy content has been reviewed and updated in line with legislation. Section External Reference was updated to include 2 international lists: <ol style="list-style-type: none"> <li>1. World Bank Listing of Ineligible Firms and Individuals</li> <li>2. Asian Development Bank Sanctions List</li> </ol>	International Program Manager  Director of International Programs
08/07/2017	3	Restructure of Policy language for readability. Deletion of responsibilities section as superfluous.	Policy QA Coordinator
25/02/2019	4	Addition of sections on money laundering and terrorism financing	Governance and Systems Specialist
22/05/2019	5	Minor changes to objectives to correct interpretation of objectives	PPC review actioned by Director of International Programs
18/07/2019	6	Added link to External Conduct Standards as an External Reference	Policy QA Coordinator
11/11/2019	7	Updated in line with upcoming DFAT/ ANGO Accreditation and ACFID QAF changes.	IP Team
22/02/2021	8	Updated to include references to money laundering, 'roles and responsibilities' section added, definitions updated, compliance section added.	IP Grants Manager