

# Counter-Terrorism Policy

## Policy Statement

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

TAI accepts it has a duty and a stewardship responsibility, 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.

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

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.

## Scope

This Policy applies to all TAI representatives (TAI Board members, employees, contractors, consultants, and volunteers), vendors, suppliers and implementing partner organisations. This policy also applies to downstream partners of the implementing organisation.

## Policy Objectives

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.

The objectives of this Policy are to:

- Ensure that TAI complies with all required legislation designed to combat terrorism financing.
- Ensure that TAI does not provide support or resources to organisations or individuals associated with terrorism
- Ensure that TAI Representatives, TAI's partners, implementing organisations, vendors, consultants and suppliers are aware of and comply with TAI compliance standards relevant to the prevention of terrorism financing.
- Ensure that TAI representatives, TAI's partners, vendors and suppliers and implementing organisations are checked against the required criminal and terrorist watchlists on an at least annual basis and when there is a change in personnel.
- Ensure that TAI representatives, partners and implementing organisations, vendors and suppliers use reasonable endeavours to ensure that all activities (including those carried out by a delivery organisation) comply with relevant Australian 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.

## Policy in Practice

### Reasonable Endeavours

TAI will use reasonable endeavours to ensure that funds and resources are not used to support terrorist groups. TAI assesses risk in accordance with TAI's Risk Appetite Statement and Organisational Risk Management Framework. 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. For example, when engaging in humanitarian responses there is a higher risk of financial wrongdoing. In these instances, a higher level of assurance is required through situation risk assessments and mitigation procedures, whilst still providing for the level of flexibility required to respond to such a situation.<sup>1</sup> The Director of International Programs will determine the appropriate additional measures to be taken, which may include more regular screening against security watchlists. TAI Representatives will be equipped to understand and implement risk measures relative to the risk level.

In particular, TAI will ensure that it:

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<sup>1</sup> ACFID: <https://acfid.asn.au/financial-wrongdoing-policy/part-2-good-practice-guidelines-and-tips>

- Makes sure the people/organisations included in the scope of this policy are checked as per the Counter-Terrorism Procedures; and
- Makes sure that directly funded implementing partners 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 seeks to promote a high standard of financial accountability and transparency. Financial records are clearly documented and partner/ project agreements detail requirements regarding counter-terrorism.

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 cross-border financial channels.

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 assessing & building financial capabilities including strengthening internal controls & financial management, monitoring approved programming budgets, spot checks and financial reviews by programs accountants, annual project audits, project agreement compliance, anti-terrorism financing education within implementing organisation and building awareness within communities, using regulated financial institutions for cross-border payments 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.

To prevent TAI dealing with the proceeds of crime, TAI follows systems as per the Fundraising Policy, Financial Wrongdoing Policy, Financial Management Policies 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 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 Senior Leadership Team, Finance & Risk 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 MOUs and project agreements.<sup>3</sup>

TAI will report suspicious activities as required to DFAT, the Australian Federal Police and the National Security Hotline.

### Annual screening

TAI executes due diligence in identifying, screening and monitoring partners.

TAI will conduct counter-terrorism screening for all partners, vendors, suppliers and TAI representatives on at least an annual basis against the lists outlined in the Counter Terrorism Check Procedure, and any additional lists required under specific Grant-making arrangements. All funded partners are informed of the screening, transparency and accountability requirements through the IP Project Agreement and the TAI Financial Partnering Guidelines.

Prior to signing any agreements for employment, volunteer or Board appointment, new suppliers, vendors or partners, the name of the individual or organisation will be checked in accordance with the Background Checking Policy.<sup>4</sup>

## Roles and Responsibilities

<u>Position/ Delegated Body</u>	<u>Responsible for</u>
Board	<ul style="list-style-type: none"> <li>Monitoring and review of this policy</li> </ul>
CEO	<ul style="list-style-type: none"> <li>Ensuring that the internal control environment is effective</li> </ul>
Director of International Programs	<ul style="list-style-type: none"> <li>Strategic management of this policy</li> <li>Prevention of terrorism financing</li> <li>Ensuring that appropriate counter-terrorism internal control systems are in place</li> <li>Oversight of the completion of Counter-Terrorism checks for implementing partners and their staff</li> </ul>
People and Culture Leader	<ul style="list-style-type: none"> <li>Completion of Counter Terrorism Checks for staff and volunteers</li> </ul>

<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>

Director, Governance, Risk and Business Optimisation	<ul style="list-style-type: none"> <li>• Completion of Counter Terrorism checks for Board members</li> </ul>
Manager	<ul style="list-style-type: none"> <li>• Assess the risk of terrorism financing in their areas of responsibility</li> </ul>
Staff	<ul style="list-style-type: none"> <li>• operating in accordance with the internal control environment.</li> </ul>

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

## Definitions

**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>5</sup>

**Fraud:** Dishonestly obtaining a benefit, or causing a loss, by deception or other means.<sup>6</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 reasonable endeavours have been used will be specific to the circumstances including the degree of risk in the particular operating environment.

**Supplier/ Vendor:** A person, organisation or other entity that provides TAI with materials, products or services. A supplier/ vendor can be distinguished from a contractor, who provides specialised input to deliverables.

**TAI representatives:** TAI Board members, employees, contractors, consultants, and volunteers..

**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 to advance specific political, religious or ideological agendas. It can cause serious harm, risk or 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

<sup>5</sup> ACFID Code of Conduct <https://acfid.asn.au/content/general-definitions>

<sup>6</sup> ACFID Code of Conduct <https://acfid.asn.au/content/general-definitions> / Commonwealth Attorney-General’s Department Fraud Control Framework

definition of 'terrorism / terrorist activities' above. The financing of terrorism may include any kind of asset including bank credit, traveller cheques, bank cheques, shares, bonds, securities etc.

## Related Policies and Procedures

This Policy should be read in conjunction with:

- Counter-Terrorism Check Procedure
- Consultants Engagement Policy and Procedure
- Financial Partnering Guidelines
- Fundraising Policy
- Background Checking Policy
- Financial Management Policies and Processes Manual
- Financial Wrongdoing Policy
- Fraud Control Plan

## External References

- [ACNC Guidance - Protecting your Charity against the risk of Terrorism Financing](#)
- 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*
- [Criminal Code Act 1995](#)
- Charter of United Nations Act 1945

## Document Control Information

Counter-Terrorism Policy	
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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: <ul style="list-style-type: none"> <li>1. World Bank Listing of Ineligible Firms and Individuals</li> <li>2. Asian Development Bank Sanctions List</li> </ul>	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
12/05/2025	9	Updated policy to ensure coverage across whole organisation.	Risk & Governance Coordinator, Director of International Programs