



VACD Ltd. – Anti Terrorism, Anti Fraud & Anti Money Laundering Policies

1. Anti Terrorism Policy:

Purpose:

The purpose of the VACD Ltd. Anti-Terrorism Policy is to promote awareness and the prevention of support of terrorism. Specifically, this Policy seeks to prevent, detect and deter facilitation of and the unknowing support of terrorist groups/organisations or individuals associated with terrorism and/or organised crime.

VACD Ltd. complies with the provisions of the **Anti Terrorism Act 2005** passed by the Australian Commonwealth Parliament on 6th December 2005 and the **Criminal Code Act 1995** to uphold its integrity as a humanitarian organisation.

Definition of Terrorism:

1. The act, or threat of action, where the action causes certain defined forms of harm or interference and the action is done or the threat is made with the intention of advancing a political, religious or ideological cause.
2. An 'individual or group associated with terrorism' includes: - Those listed on the **National Security Australia** website: www.nationalsecurity.gov.au/ under "Listed Terrorist Organisations" and those named/listed on the **Australian Department of Foreign Affairs and Trade (DFAT)** website: <http://www.dfat.gov.au/>
3. Those listed by the Sri Lankan or any other global government or authority as "terrorists or suspected terrorists"

Definition of Organised Crime:

A conspiratorial enterprise engaged in illegal activities as a means of generating income.

Scope:

This Policy and Procedures apply to all of VACD Ltd. members, staff, volunteers and VACD Ltd. partners and contractors.

Guiding principles:

1. VACD Ltd. has a zero-tolerance policy towards any association with terrorism and/or organised crime. To that end, VACD Ltd. will ensure:

- funds are not provided directly or indirectly to individuals or organisations associated with terrorism and/or organised crime;
- all individuals or organisations involved in implementing/facilitating projects on behalf of VACD Ltd. are not associated directly or indirectly to organisations or individuals associated with terrorism and/or organised crime;
- all activities, individuals /organisations involved and the general practice and functionality of VACD Ltd. adhere and comply with the relevant laws, regulations and policies of Australia and the countries in which VACD Ltd. operates;
- any breach of this policy will be immediately brought to the attention of the Australian and Sri Lankan Governments or the appropriate authorities in any other jurisdiction in which VACD Ltd. operates and, if appropriate, the National Security Hotline (E-mail: hotline@nationalsecurity.gov.au) and/or the Australian Federal Police (www.afp.gov.au/) or any such overseas authoritative source.

2. VACD Ltd. and its partners will comply with counter-terrorism laws and policies through ongoing monitoring of activities of all partners and beneficiaries. They will use their best endeavours to ensure that there is no link whatsoever with any entity or individual associated with terrorism. VACD Ltd. partners are required to:

- Know the persons/organisations that are being directly assisted by them;
- Make sure that people/organisations being directly assisted are not on either of the lists published by the anti terrorism and security services in all countries in which VACD Ltd. operates before assistance is provided and ensure that appropriate security updates provided by various authorities via their websites or other forms of communication is taken into account;
- Make sure that directly funded persons/organisations are aware of and are obliged to comply with these laws, and that they in turn are obliged to make sure that their distribution of the funds or support is made on the same basis and strict criteria;
- Apply particular caution where: a. Proscribed organisations or individuals are known to be in the area; and/or b. The scale of financial or material support transaction is such that it could potentially provide significant support to a proscribed individual or organization;
- Advise VACD Ltd. leadership immediately, if it becomes aware of any breach of these guidelines by any such organisation or group.

Procedures:

VACD Ltd. has and will continue to review appropriate training, processes and systems it has put in place to prevent the facilitation of terrorism financing.

The following Procedures in place must be complied with at all times:

1. HUMANITARIAN PROJECTS:

In Identifying and committing to a Project within Australia or internationally all necessary due diligence processes must be completed and approved. This process includes a mandatory check of DFAT’s list of proscribed organisations to identify any potential NGO partners that may be listed therein or on the National Security Australia website;

2. THE PARTNERSHIP AGREEMENTS:

a) When VACD Ltd. enters into a Memorandum of Understanding (“MOU”) with project partners, the MOU must outline the obligations and objectives of VACD Ltd. and be in accordance with relevant laws, policies and regulations of Australia and the country in which the project will be implemented, relating to Anti-Terrorism procedures. The MOU must expressly stipulate that a breach of the Anti-Terrorism policies will allow VACD Ltd. the ability to withdraw all funding that has been provided to the partner;

b) As part of implementation and monitoring of the project, the Project Funding Checklist stipulates the amount of funds, the purpose of the funds and receipts of payments so as to outline the basis for the payments made to VACD Ltd. partners.

3. STAFF AND VOLUNTEERS:

- a) All persons to whom this Policy applies (see 'Scope' above) must be educated and trained about terrorism and related issues.
- b) All members, staff, Volunteers and Collaborative Organisations may be subjected to a Police check in Australia and/or country of operation if appropriate;
- c) Staff, members, team and volunteers engaged in international and local volunteer programs will be subjected to a screening process prior to commencing;
- d) International volunteers may also need to complete the necessary equivalent mandatory checks in the country of operation.

2. Anti Fraud and Money Laundering Policy:

INTRODUCTION:

VACD Ltd. has a zero tolerance policy towards fraud, money laundering and corruption. We recognise that our work occurs in a challenging environment where there are risks of fraud and money laundering, both overseas and in Australia. It is essential that we conduct a thorough risk analysis of our projects and implement our Anti-Fraud and Money Laundering Policies through our Operational Procedures to address this danger.

Fraud:

Fraud is defined according to the Commonwealth Fraud Control Guidelines as dishonestly obtaining a benefit, or causing a loss, by deception or other means.

Fraud can include:

- The misappropriation of funds for private gain;
- Theft such as stealing property;
- Misuse of property e.g. office space for private gain;
- Bribery of foreign public officials to implement work;
- Diversion of aid to non-target groups;
- Preferential treatment for family and friends;
- Coercion or intimidation of staff, volunteers or beneficiaries to ignore or participate in corruption;
- Manipulating or falsifying financial or other documents for private gain.

Private gain can refer to individual benefits, as well as benefits received by communities, ethnic groups, religious groups, political organisations, corporations or militia.

Money Laundering:

We adhere to the *Error! Style not defined.* that was further amended and is in force effective 6 March 2015.

1. Objects:

- (1) The objects of this Act include:
- (a) to fulfil Australia's international obligations, including:
 - (i) Australia's international obligations to combat money laundering; and
 - (ii) Australia's international obligations to combat financing of terrorism; and
 - (b) to address matters of international concern, including:
 - (i) the need to combat money laundering; and
 - (ii) the need to combat financing of terrorism; and
 - (c) by addressing those matters of international concern, to affect beneficially Australia's relations with:
 - (i) foreign countries; and
 - (ii) international organisations.

2. Outline of act:

The following is a simplified outline of this Act:

- A reporting entity is a financial institution, or other person, who provides designated services. (Designated services are listed in section 6. of the act)
- A reporting entity must carry out a procedure to verify a customer's identity before providing a designated service to the customer. However, in special cases, the procedure may be carried out after the provision of the designated service.
- Certain pre-commencement customers are subject to modified identification procedures.
- Certain low-risk services are subject to modified identification procedures.
- Reporting entities must report the following to the Chief Executive Officer of AUSTRAC (the Australian Transaction Reports and Analysis Centre):
 - (a) suspicious matters;
 - (b) certain transactions above a threshold.
- Certain international funds transfer instructions must be reported to the AUSTRAC CEO.
- Cross-border movements of physical currency must be reported to the AUSTRAC CEO, a customs officer or a police officer if the total amount moved is above a threshold.
- Cross-border movements of bearer negotiable instruments must be reported to the AUSTRAC CEO, a customs officer or a police officer if a customs officer or a police officer requires a person to make such a report.
- Electronic funds transfer instructions must include certain information about the origin of the transferred money.

- Providers of registrable designated remittance services or registrable remittance network services must be registered with the AUSTRAC CEO.
- Reporting entities must have and comply with anti-money laundering and counter-terrorism financing programs.
- Financial institutions are subject to restrictions in connection with entering into correspondent banking relationships.

1. OUR COMMITMENT:

VACD Ltd. recognises the importance of fraud and money laundering prevention and aims to create an organisational culture that discourages any fraudulent or corrupt activities. Fraud and money laundering negatively impacts our members, beneficiaries, sponsors, staff, team, volunteers, partner organisations and seriously damages public confidence in our ability to undertake sustainable humanitarian and development work.

We are committed to preventing fraud and money laundering through our strict policies of:

- Vetting staff, volunteers and our partner organisations on a best practice basis;
- Educating staff, members, team and volunteers on fraud and money laundering prevention;
- Ensuring our partner organisations implement fraud and money laundering prevention through our Due Diligence, MOU (Memorandum of Understanding) and Engagement Processes;
- Rigorously monitoring financial transactions;
- Rigorously monitoring project implementation, management and outcomes;
- Internal auditing;
- Fraud and money laundering detection, reporting and investigation.

2. SCOPE OF POLICY:

VACD Ltd. recognises that the prevention and detection of fraud and money laundering is the responsibility of every member of our organisation, including members, staff, team and volunteers, as well as our overseas partner organisations. As such, it is the responsibility of VACD Ltd. to create an ethical culture encouraging fraud and money laundering prevention. All our members, staff, team and volunteers must adhere to and commit to abide by our Anti-Fraud and money laundering policies and understand that it is their responsibility to prevent fraud and money laundering by reporting suspected incidents according to our Whistle-Blowing Policy.

3. PREVENTING FRAUD AND MONEY LAUNDERING:

VACD Ltd. strives to create an environment that encourages fraud and money laundering prevention. Members, Staff, team and volunteers are recruited according to strict guidelines that ensure appropriate reference checks are made, as can be read in our Human Resources Policy. Additionally, members, staff and volunteers are enlightened, educated and made aware of VACD Ltd. organisational values and understand what is expected of them in their role. Similarly, we undergo an extensive process of due diligence before working with partner organisations in the project implementation process, which ensures our partner organisations share our values, governance and anti-fraud and anti money laundering policies.

We are committed to providing members, staff, volunteers and partner organisations with induction training in conduct, ethics and fraud and money laundering awareness and

prevention. Given our relatively small organisational size, we ensure staff and volunteers remain aware of our Anti-Fraud and anti money laundering policies through continual engagement on this issue between the leadership team and other team members.

- We have policies in place to rigorously monitor financial transactions, as is outlined in our guidelines. We employ an effective financial management program that allows us to record, track and reconcile funds raising and donation revenue with funds deployed in various projects and programs. Regular project/program budgets are prepared and tracked closely to detect any variance in expenditure. Budget reviews are undertaken regularly. All expenditure has dual authorization.
- VACD Ltd. also rigorously monitors the design, implementation, management and results of our overseas projects and programs. We believe that monitoring and evaluation is a crucial part of determining the success of our projects and partners, and a key part of our measures of success is ensuring fraud and money laundering does not occur. This includes:

1. A process where VACD Ltd. works with the Partner to complete implement a program or project with proper Due Diligence, including the Project Plan and Project Budget.

2. A process during and after the project where VACD Ltd. conducts monitoring discussions with the Project Leader and our Partner Organisation. This monitoring includes internal monitoring from VACD Ltd. representatives on-site, as well as independent third party monitoring on-site. The frequency of the monitoring varies according to the type of project undertaken.

3. VACD Ltd. additionally undergoes periodic internal auditing processes. At least once every year, the accounts of the organisation are examined by qualified internal and external auditors, who must report to the Members in accordance with the Corporations Act.

4. INVESTIGATING FRAUD AND MONEY LAUNDERING:

VACD Ltd. aims to create a culture that encourages fraud and money laundering detection, ensures that whistle-blowers are protected, and investigates allegations in a rigorous and impartial manner. Training is provided for relevant staff and volunteers regarding fraud and money laundering detection.

4.1 Our Whistle-Blowing Policy clearly outlines a mechanism through which staff and volunteers must report allegations of fraud and money laundering while our members, staff and volunteers are committed to upholding and adhering to VACD Ltd. principles and guidelines that are intended to identify and prevent fraud and money laundering as indicated above.

4.2. We are committed to ensuring no negative outcomes occur for whistle-blowers acting in good faith.

4.3. Investigations must be completed in a confidential, prompt and professional manner according to established guidelines. If allegations of fraud and money laundering are proved to be correct, VACD Ltd. is committed to taking disciplinary action in a transparent and fair manner.

5. REPORTING FRAUD AND MONEY LAUNDERING:

VACD Ltd. has a “zero tolerance” attitude towards fraud and/or money laundering. This means that any case of alleged, suspected or detected fraud and/or money laundering must be reported immediately to the VACD Ltd. Chairman and/or Board.

VACD Ltd. shall:

- Investigate all reported cases of alleged, suspected or detected fraud and/or money laundering;
- Report any alleged, suspected or detected fraud and or money laundering to the Chief Executive Officer of AUSTRAC (the Australian Transaction Reports and Analysis Centre – www.austrac.gov.au/) and/or the Customs Authorities (www.customs.gov.au/) and/or The Australian Federal or local Police Authorities. (www.afp.gov.au/ or www.police.nsw.gov.au/)
- Prosecute or apply other appropriate sanctions against those who have committed fraud and /or money laundering;
- Seek the recovery of misappropriated funds or assets wherever possible;
- Where the funds defrauded relate to institutional donors, such as the Australian Government, the donor should be informed in accordance with contractual requirements.

Acknowledgement, Acceptance & Agreement:

Upon being admitted to the VACD Ltd. Board, Administration, Fellow or as a volunteer, this document will be given to such a person either in a hard copy or soft copy format and it will be deemed to have been read, understood and agreed upon when this person attends the first general, regular, ad hoc or annual general meeting called by the VACD Ltd. Company Secretary.