



COUNTER TERRORISM FINANCING AND ANTI-MONEY LAUNDERING POLICY

ORGANISATION:	Kokoda Track Foundation
ACN:	103 660 948
POLICY TITLE:	Counter Terrorism Financing & Anti-Money Laundering Policy
VERSION:	8.0
STATUS:	Final
ALLIED POLICIES / PROCEDURES:	Lexis Nexis Screening Procedures Code of Conduct Financial Management & Controls Policy Financial Risk Management Policy Partnership Policy Partnership Management Procedure Value for Money Policy Procurement Policy Fraud & Corruption Prevention Policy Human Resources Policy Whistleblower Policy
OWNER:	CEO
APPROVED BY:	FARM Committee
LAST UPDATE:	19.07.2023
NEXT REVIEW DATE:	19.07.2024

INTRODUCTION:

Kokoda Track Foundation (KTF)'s Counter Terrorism Financing and Anti-Money Laundering Policy outlines the organisation's commitment to taking all reasonable efforts towards ensuring that it does not provide finance or support to organisations that are listed by the Australian Government as terrorist organisations or engage any personnel with links to terrorism or money laundering. KTF acknowledges its obligations under both Australian laws and the laws of Papua New Guinea (PNG) in which we operate and is committed to ensuring that all KTF personnel (including staff, directors and sub contractors) and partner organisations' personnel and sub-contractors adhere to this policy and related procedures to minimise the risk of support for individuals and organisations associated with terrorism and money laundering.

PURPOSE:

The Counter Terrorism Financing and Anti-Money Laundering Policy's purpose is:

- To articulate KTF's commitment to avoid involvement in terrorist activities, avoid supporting terrorism, and avoid working with organisations that support terrorism;
- To articulate KTF's commitment to avoid involvement in and avoid working with organisations that support money laundering;
- To ensure strict pro-active measures are undertaken to identify, mitigate, monitor, review and report risks or terrorism or money laundering; and
- To promote and implement best practice principles to safeguard against misuse of funds for terrorist and money laundering purposes and build a culture of accountability, transparency and due diligence that minimises the risk that funds or resources managed by KTF are misused to support the actions of individuals and organisations associated with terrorism or money laundering.

SCOPE:

This Policy applies to all KTF board directors, staff, volunteers, interns, representatives, sub-contractors, domestic and overseas suppliers, as well as all partner organisations and their directors, staff, volunteers, interns, representatives, sub-contractors and their vendors and suppliers.

BACKGROUND:

As a not-for-profit organization operating overseas, there is a risk of KTF being misused by individuals or other organisations to finance or support terrorist activity or money laundering. This Policy ensures that KTF's funds and resources are not used, directly or indirectly, to support terrorist activities or money laundering and to provide a clear guide on what to do if terrorist or money laundering activities are suspected. Furthermore, this policy will maintain KTF's ability to support sustainable development and reputation in delivering sustainable overseas aid and development, as well as ensure continued community support for its overseas development projects.

DEFINITIONS:

All reasonable efforts are used to reflect the need for positive action and a commonsense approach, based on the level of risk, to meet legal obligations and avoid inadvertently funding terrorist activity or money laundering.

Assets are funds and other resources that are very broadly defined as "asset of any kind, or property of any kind, whether tangible or intangible, movable or immovable".

Counter-Terrorism are the measures put in place to ensure assets used or provided do not provide direct or indirect support or resources to organisations and/or individuals associated with terrorism.

Money laundering is the processing of the proceeds of crime to disguise their origins, making the funds appear to have been legitimately obtained.

Terrorist act is an act, or a threat to act, that:

- intends to coerce or influence the public or any government by intimidation to advance a political, religious or ideological cause.
- causes one or more of the following:
 - death, serious harm or danger to a person serious damage to property
 - a serious risk to the health or safety of the public
 - serious interference with, disruption to, or destruction of critical infrastructure such as a telecommunications or electricity network

Terrorism financing is using public or private funding to support a terrorist act, it includes;

- legitimate means, such as charities and donations, or
- illegitimate means, such as fraud, money-laundering, kidnapping for ransom and extortion ;
- It also means using any assets or in-kind support that can ultimately facilitate a terrorist act according to Australian laws. For example, using an organisation's internet services to facilitate propaganda activities.

POLICY:

To exercise diligence in relation to counter-terrorism and money laundering, KTF will:

- Identify and monitor the level of risk KTF may be exposed to in relation to terrorism financing and money laundering, and incorporate into KTF's organisational risk management system;
- Confirm the identity, credentials and good standing of the people or organisations that it employs or engages, directly assists or partners with;
- Check that the people or organisations that it employs or engages, directly assists or partners with are not on the lists maintained by the Australia Government ([Attorney-General Department's List of Terrorist Organisations](#) and [Department of Foreign Affairs and Trade's Consolidated List](#)) as well as the [World Bank Listing of Ineligible Firms and Individuals](#) and the [Asian Development Bank's \(ADB\) Sanctions List](#).
- Check that the people or organisations that it employs or engages, directly assists, or partners are aware of and obliged to comply with the relevant Australian laws and KTF's counter terrorism financing and anti-money laundering policy and that they in turn are obliged to ensure that their distribution of funds or resources is made on the same basis;
- Conduct regular annual screening to ensure that people it engages, people of organisations that it directly assists and / or partners are not on the lists maintained by the Australian Government, World Bank and ADB (as outlined above).

To screen for terrorism-related and money-laundering activities:

- KTF will use the Lexis-Nexis World Compliance Risk Management Solutions Service to undertake the necessary screening checks against the defined lists outlined above and a comprehensive list of additional screening checks. This system is a research, investigative and report tool which combines public records, licensed consumer data, senior prominent public figures, sanctions (including the four lists outlined above), watchlist & structures adverse media data and UK and international business data.

To report suspected terrorism-related and money-laundering activities, KTF will:

- Report any suspected terrorism-related activity to the Australian Federal Police or the National Security Hotline (on 1800 123 400 or +61 1300 123 401) or through their liaison officers in Papua New Guinea;
- Notify DFAT immediately (via counter-terrorism.resourcing@dfat.gov.au) if any link between DFAT funds or a DFAT-assisted organisation and a terrorist organisation is discovered;
- Notify Australian Not-for-profits Commission (ACNC).
- Report any suspected terrorism-related activities of money laundering to KTF's CEO and board of directors for further investigation and on-reporting as outlined above to authorities.

To demonstrate reasonable efforts to ensure funds are not being directed to terrorist or money-laundering activities, KTF will:

- Screen all suppliers and vendors, partners, partners' suppliers & vendors, employees, volunteers, directors and associates for terrorism or money-laundering against the prescribed lists annually;
- Ensure appropriate counter-terrorism due diligence is undertaken in the recruitment and selection of all personnel (board members, employees, interns, volunteers, contractors and consultants);
- Develop and maintain records of program budgets, income and expenditure that account for all program expenses;
- Include terrorism financing and money laundering risk in its due diligence assessment of potential new partner organisations, suppliers and its projects;
- Ensure due diligence assessments of partner organisations consider the credentials, financial controls and procedures and ability of the organisation to mitigate the risk of terrorism financing and money laundering;
- Continuously assess terrorism financing risk through close collaboration and dialogue with communities and beneficiaries to ensure that assistance provided will not be misdirected for the purpose of terrorism financing;

- Ensure staff are adequately trained on counter terrorism and such training is provided annually or more frequently if deemed necessary;
- Undertake the necessary due diligence processes (including annual screening checks) prior to entering into any new corporate partnerships or accepting new funding opportunities from significant major donors;
- Produce quarterly and annual financial statements that provide detailed breakdowns of incomes and expenditures; Monitor quarterly financial statements by the Finance, Audit and Risk Management Committee and the Board; and Have an annual audit of financial statements undertaken by an external auditor;
- Immediately suspend the delegation of authority held by a staff, volunteer, director or representative if suspected of breaching this policy. If the breach is proven to be intentional, the staff, volunteer, director, representative's engagement will be terminated immediately and the matter referred to the police. If the suspicion is proven to be invalid, the delegation of authority will be reinstated;
- Immediately cease any further financial dealings, including transfers or accepting transfers of funds, if a supplier, partner organisation, subcontractor, or a subcontractor of a partner organisation is suspected or found to have been listed on the prescribed terrorist organisation list, or, engaged in activities supporting a terrorist organisation listed on such list.

RESPONSIBILITIES:

It is the responsibility of the Board, with the assistance of the CEO and leadership team, to:

- Ensure that KTF staff, volunteers, directors, representatives, partners, suppliers and contractors comply with all relevant legislation and KTF policies (including this one);
- Ensure that all partner organisations and their directors, staff, volunteers, representatives, suppliers and contractors comply with all relevant legislation and KTF policies (including this one);
- Approve activities and funding only when the requirements of this policy have been met;
- Report all suspected cases of terrorism activities to DFAT, the Australian Federal Police, the National Security Hotline and the ACNC.

PROCEDURES:

Policy Training & Risk Assessment

- This policy will be included in KTF's Policies Manual and will be tabled as part of all new staff, directors, volunteers, partners, and representatives' induction;
- Ensure adequate terrorism financing and money laundering risk assessments are undertaken as part of the partner due diligence and capacity assessments; Undertake the necessary counter-terrorism financing screening and checks prior to deciding whether or not to work with the relevant partner organisation, supplier or individual;
- Ensure adequate terrorism and money laundering risk assessments are undertaken for each project and that adequate capacity and processes are in place to mitigate such risks;
- Ensure all project activities are monitored to ensure they are not in breach of this policy. Monitoring will be proportionate to the amount of funding and the risk of breach and will be recorded in the project file. Monitoring to include at least one country visit annually;
- Ensure all staff, volunteers and partners undertake annual counter-terrorism and anti-money laundering training and orientation to this policy and procedures;
- Ensure partner organisations undertake annual counter terrorism and anti-money laundering training for their staff and provide support and guidance where necessary.

Screening

- Counter terrorism and anti-money laundering due diligence and checks to be undertaken alongside KTF's Human Resources Policies and Volunteer Management Policies, and all personnel (employees, directors, volunteers, contractors and others) to undergo annual screening checks via Lexis Nexis screening software. In line with KTF's

Human Resources and Child Protection Policies, all staff, directors and volunteers (and any other personnel) will be required to undertake annual counter-terrorism and anti-money laundering screening as well as police / working with children checks;

- Counter-terrorism and anti-money laundering policy will be included in KTF's Memorandums of Understanding with partner organisations. All partner organisations (and their associates) will be screened for terrorism and money-laundering related links and activities during KTF's Partner Capacity Assessment stage via the Lexis Nexis screening software. Ongoing screening for current partners will be completed annually;
- Prior to engaging suppliers and vendors domestically or internationally, counter terrorism and anti-money laundering screening checks must be conducted to ensure the suppliers/vendors, their board of directors, and key shareholders are not listed on the lists maintained by the Australian Government, World Bank and ADB (as outlined above). Screening to be undertaken prior to payments being approved to suppliers/vendors via the Lexis Nexis screening software;
- Ensure partner organisations undertake annual counter terrorism and anti-money laundering screening checks; support them to undertake these screening checks where required. The partner organisation can undertake these checks if it is assessed the partner has the capacity to do so.
- All screening records and results are to be documented (within the Lexis Nexis screening software) and any consideration given to eliminate a potential match must be justified and documented;
- Any suspicion of a connection of terrorism or money laundering must be escalated to the leadership team, CEO or Board.

Reporting

- All those who participate in the work of KTF as articulated in the Scope of this policy, have a duty to report concerns they have, or information provided to them, about any possible or suspected instances of terrorism financing or money laundering activity;
- Any individual or organisation who has a reasonable basis for suspecting terrorism financing or money laundering activities might have occurred must report it immediately to a member of the leadership team who must report it to the CEO. This includes any positive matches that are identified via the Lexis Nexis screening checks;
- The CEO will review and investigate any instance that is brought to their attention, whether through counter-terrorism screening activities or otherwise. The CEO may direct to suspend all dealings with the individual/organisation concerned whilst this investigation is underway. In the event of a confirmed match, the CEO will notify the Department of Foreign Affairs and Trade (DFAT), the Australian Federal Police, the National Security Hotline and other relevant stakeholders. Reporting must occur immediately (understood as within 48 hours) to DFAT if in connection to a DFAT funding agreement, there is a suspected or actual association with or provision of resources to a prescribed person or organization and any other person or organization associated with terrorism;
- If at any time, an individual believes that the action taken by the CEO is inappropriate or insufficient; or the matter involves these individuals, the individual has the ability to report the matter (anonymously or otherwise) through the Whistleblowing Policy mechanism;
- The CEO will report any suspected or detected instances of terrorism financing or money laundering activity to the Board at the earliest opportunity.

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