



Leaders of Change Foundation Ltd

Transfer of Funds Policy

Version 1 – September 2020

1. Purpose

The purpose of this policy is to foster compliance with:

- (a) ACNC's ECS 1 as set out in section 50-20 of the ACNC Regulation,
- (b) ACNC's ECS 2 as set out in section 50-25 of the ACNC Regulation, and
- (c) ACNC's ECS 3 as set out in section 50-30 of the ACNC Regulation

and, in particular, that appropriate reporting and internal control procedures are in place to ensure that the Charity's resources are being used to further its charitable purposes and not for other purposes such as financing terrorism or fraud and corruption.

The Charity is committed to mitigating and preventing fraud, theft, misappropriation, money laundering and the misuse of funds and corruption in the transfer of funds to partner organisations and their suppliers or sub-contractors who are providing goods or services for projects and activities funded by us.

This policy should be read in conjunction with the Counter-Terrorism & Anti-Fraud and Corruption Policy.

2. Scope of the Policy

This policy applies to and imposes obligations on all our personnel and applies to the transfer of any funds regardless of the currency in which it is denominated.

This policy will be imbedded within our organizational culture, values, practices and procedures. This policy applies to all funded or supported programs and activities whether operated in Australia or as part of operations outside Australia.

3. Definitions

In this policy unless a contrary intention appears:

ACNC means the Australian Charities and Not-for-profits Commission.

ACNC Act means the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) and includes any regulations made under the ACNC Act and any rulings or requirements of the Commissioner made under the ACNC Act having application to the charity.

ACNC Regulation means the *Australian Charities and Not-for-profits Commission Regulation 2013* (Cth)

arrangement means, as set out in section 995.1 of the *Income Tax Assessment Act 1997* (Cth), any arrangement, agreement, understanding, promise or undertaking, whether express or implied, and whether or not enforceable (or intended to be enforceable) by legal proceedings.

Charity means Leaders of Change Foundation Ltd (ABN 52 632 437 917).

DFAT means the Australian Government, Department of Foreign Affairs and Trade.



ECS means the ACNC's external conduct standards made under Division 50 of the ACNC Regulation.

partner organisation(s) means a third party as defined in section 4 of the ACNC Regulation as an entity (other than another ACNC registered charity) that formally or informally collaborates with the Charity for the purpose of advancing the Charity's purpose(s), and includes:

- (a) an entity with which the Charity has some form of membership, association or alliance; and
- (b) an entity that has an arrangement with the Charity.

personnel means the Charity's board/committee members, employees, volunteers, contractors and consultants.

policy means this Transfer of Funds Policy.

4. Policy Position

- (a) The Charity will exercise reasonable efforts to prevent funds misuse recognizing that such efforts are essential for the effective and responsible use of our assets and resources.
- (b) The Charity will only transfer funds to a partner organisation, or their supplier or sub-contractor, where:
 - (i) the partner organisation has been appraised and cleared in the manner set out in this policy and as described in the Counter-Terrorism & Anti-Fraud and Corruption Policy, and
 - (ii) the transfer is to an account of the partner organisation; and
 - (iii) the account is with a financial institution that is not on any of the lists as described in the Counter-Terrorism & Anti-Fraud and Corruption Policy.¹
- (c) The Charity will not act as a conduit of funds on behalf of any other party.

5. Responsibilities under this Policy

5.1 Transfers to partner organisations only

The Charity will only transfer funds to a partner organisation.

5.2 Our own accounts

The Charity will ensure that our accounts are with a DFAT approved financial institution.

5.3 No cash transfer

The Charity will not transfer funds by delivering or providing (including by depositing) cash.

¹ DFAT's Consolidated List - <https://www.dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list> and the Attorney-General's national security list - <https://www.nationalsecurity.gov.au/Listedterroristorganisations/Pages/default.aspx> and the World Bank list of ineligible firms - <https://www.worldbank.org/en/projects-operations/procurement/debarred-firms>

5.4 Not be a conduit

- (a) The Charity will only accept funds from another party for the purposes of our programs, projects and activities conducted to further our charitable purposes.
- (b) The Charity will not accept funds from another party (including any partner organisation) on the basis that it is to be transferred to another party for any purpose not connected with our programs, projects and activities conducted to further our charitable purposes. This means that we will not:
 - (i) transact any funds through any of our accounts or allow any funds to be transacted through our accounts unless the funds are genuinely for our programs, projects or activities conducted to further our charitable purposes; and
 - (ii) transfer any funds to any account of any partner organisation, or their suppliers or sub-contractors (regardless of the source of those funds) unless the funds are genuinely for our programs, projects or activities conducted to further our charitable purposes.

5.5 Procedures

- (a) **Pre-Transfer Vetting:** Before transferring to any partner organisation, the Charity will:
 - (i) screen that partner organisation in the manner set out in the Counter-Terrorism & Anti-Fraud and Corruption Policy (unless that partner organisation has already been screened in accordance with that policy);
 - (ii) obtain information from the partner organisation to enable us to verify that it is the holder of the account to which the funds are to be transferred; and
 - (iii) verify that the financial institution in which the account is held is not on any of the lists set out in the Counter-Terrorism & Anti-Fraud and Corruption Policy.
- (b) **Approval:** All funds transferred to a partner organisation must be:
 - (i) approved by the Board or by the relevant sub-committee or personnel with a delegation and authorization by the Board to make such approvals; and
 - (ii) of an amount that is within the relevant approved budget for that partner organisation to conduct that program, project or activity.
- (c) **Retention of Records:** The Charity will keep and maintain proper records of all fund transfers made to partner organisations, including the:
 - (i) name of the partner organisation,
 - (ii) amount of funds transferred,
 - (iii) date of transfer,
 - (iv) method of transfer (ie. banking institution used),
 - (v) country, and
 - (vi) project name or purpose of each funds transfer.



- (d) **Additional requirements:** The CEO, CFO or Treasurer may implement additional requirements, processes and guidelines in furtherance of this policy.
- (e) **Non-Compliance Incident:** In the event where there has been, or suspected to have been, any incident of non-compliance with this policy or our obligations under a relevant law or any arrangement, where the incident, or suspected incident, relates to funds misuse:
 - (i) the personnel aware of the incident must inform the CEO, CFO or Treasurer immediately; and
 - (ii) the CEO, CFO or Treasurer must ensure that appropriate actions are taken to address the incident including the following, as is appropriate:
 - (A) immediate cessation or suspension of resources (including funding) being provided to the partner organisation for a program, project or activity;
 - (B) investigation of the incident; and
 - (C) notification and steps taken to address the incident to the Board and relevant authorities (if and as required).

6. Policy Review

The Board is responsible for reviewing this policy regularly and ensuring that it is implemented. Any updates and revisions to this policy must be approved by the Board.

7. Related Laws

- ACNC Act and Regulation, ACNC ECS 1, 2 and 3
- ACNC Governance Standards 1, 3 and 5
- *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth)
- *Criminal Code Act 1995* (Cth), various sections
- *Charter of the United Nations Act 1945* (Cth) and the *Autonomous Sanctions Act 2011* (Cth)
- Various State *Crimes Act* provisions relating to money laundering and counter-terrorism financing

8. Related Policies

- Counter-Terrorism & Anti-Fraud and Corruption Policy
- Risk Management Policy
- Conflict of Interest Policy
- Project Agreement

9. Policy Control: Adoption & Review

Approved By:	Approval Date:	Version Number:	Review Date:
Board		1	