

# IFS Foundation

## AML and Funds Transfer Policy

### The Foundation will always have strong anti-money laundering protections in place

#### 1. Introduction

1.1. The Anti-Money Laundering (“AML”) and Funds Transfer Policy has been adopted by the trustees of the IFS Foundation (“the Charity” or “the Foundation”).

1.2. The purpose of this policy is to:

- 1.2.1. Prevent money ;
- 1.2.2. articulate the Charity's principles and criteria for receiving donations;
- 1.2.3. ensure that the trustees are discharging their duty to further the object of the Charity and safeguard its reputation and principles; and
- 1.2.4. provide a standard of donation acceptance for the Charity.

1.3. The scope of this policy:

- 1.3.1. Applies to all organisational activities, including donations and acceptance of funds, procurement processes and supplier payments, partnerships with other organisations for the implementation of programmes or other activities;
- 1.3.2. Applies to individuals and trustees associated with the Foundation;
- 1.3.3. Applies to all programmes performed by the Foundation and its partners.

#### 2. Key controls

2.1. The Charity's key AML processes and policies, are:

- 2.1.1. Donation acceptance policies and procedures
- 2.1.2. Due Diligence policy and procedures regarding programme partners, donors and corporate partners
- 2.1.3. Grant making policy
- 2.1.4. Code of Ethics (Anti-bribery) and Whistleblower Policy
- 2.1.5. Code of Conduct
- 2.1.6. Counterterrorism and Due Diligence / Procurement Policy (Supplier and Partner Code of Ethics)
- 2.1.7. Transparency and Accountability Policy
- 2.1.8. Programme Funds transfer process and controls

2.2. The Charity seeks to further those objects in several ways, including making grants to strengthen and enrich communities where the Charity operates.

2.3. In order to keep the Charity able to receive donations without onerous “strings attached”, and to ensure that the Charity's trustees remain responsible and accountable for the Charity's actions, the following arrangements have been agreed.

#### 3. Money Laundering

3.1. Money laundering is the term used for a number of offences involving the proceeds of crime or terrorist funds. It includes possessing, or in any way dealing with, or concealing, the proceeds of any crime. In legal terms, the definition of money laundering is very broad. It includes:

- 3.1.1. handling the proceeds of crime;

- 3.1.2. being knowingly involved in any way with criminal or terrorist property;
  - 3.1.3. entering into arrangements to facilitate the laundering of criminal or terrorist property;
  - 3.1.4. investing the proceeds of crime into other financial products or buying property and assets;
  - 3.1.5. transferring criminal property.
- 3.2. Revised Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on 26th June 2017: <http://www.legislation.gov.uk/uksi/2017/692/contents/made> with the objective of ensuring that the UK's anti-money laundering and counter-terrorist financing (AML/CTF) regime is kept up to date is effective and is proportionate and ensure that the UK's financial system is an increasingly hostile environment for money laundering/terrorist financing (ML/TF). Additionally, for operations in the US, the OFAC policies and regulations will be followed including checking the List of Specially Designated Nationals and Blocked Persons.

## 4. Anti-Terrorism

- 4.1. The Charity is a humanitarian aid and development agency and allocates funds to partners for their exclusive use on humanitarian aid and development activities to relieve poverty and to address the underlying causes of poverty. We do not engage with terrorist organisations or give money to partners who carry out, or fund, or advocate terrorist activity.
- 4.2. We are fully committed to ensuring all our business processes minimise the risk of funds being diverted for terrorist or any other criminal purposes, through the following controls:
- 4.2.1. carrying out Due Diligence on partners (including check against proscribed lists) and specific checks before transferring funds to new Programme Partner
  - 4.2.2. background check within New Vendor set up process – applied to all UK/US vendors including staff and partners
  - 4.2.3. compliance with enhanced due diligence process set by our banking provider, and pre-screening for all funds transfers to countries where financial sanctions are in place
- 4.3. OFSI's GOV.UK web pages provide details of sanctions currently in place: <https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases> and the OFAC list is found at <https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>.

## 5. Risk assessment

- 5.1. As regulations in other sectors including the banking sector have tightened, charities have become an increasing target for the attentions of potential money launderers. Increasingly the Charity is working in higher risk environments, including countries where financial sanctions are in place.
- 5.2. The Charity will **not** transfer funds to the following:
- 5.2.1. Any entity, person or project not cleared by the Grant Making Policy;
  - 5.2.2. Any entity, person or project that fails the due diligence process;
  - 5.2.3. Any entity, person or project unable to establish bank accounts with a respected bank;
  - 5.2.4. Any entity, person or project where the Charity is unable to establish a mitigation action or actions that balance a Risk Area
- 5.3. Specific risk areas mitigation (this list is not exclusive, but may be used a guideline by the Charity when transferring and receiving funds.)

Risk area	Mitigating action
Programmes operate in areas or countries where financial sanctions are in force and where there is a higher risk of money laundering and terrorist financing.	Protocols for operating in higher risk environments: <ul style="list-style-type: none"> <li>• Due Diligence of partners</li> <li>• Enhanced Due Diligence for specific activities (such as money transfer using non-formal financial institutions; emergency cash distributions)</li> <li>• Banking provider enhanced Due Diligence and pre-screening of funds transfers</li> </ul>

Country offices receive requests for unusual transactions, such as a request to pass funds through an office account, or to hold cash on behalf of a third party, or to pass funds back to the Charity.	All programmes have a grant agreement with a donor, and have a grant letter and/or sub-grant agreement with established partners.
Donors request unusual or over-specific restrictions on a gift, or requesting its return in whole or part.	Gift Acceptance policy and Due Diligence procedures for new donors.
Programmes and partners subject to suspicious or unusual transactions resulting from money laundering	Country Office verification of partner financial reports. Review of partner financial transactions as part of project audits (internal or donor audits).
Suppliers may be fronts to provide money laundering facilities for criminals or other barred persons	Procurement Policy including proposal process; Due Diligence check of all partners and suppliers.
Programme partners or individuals connections with proscribed groups or terrorism	Partner Due Diligence Due Diligence check of all partners and suppliers.

## 6. Reporting procedures

- 6.1. Details of the grant making process and due diligence associated with same will be publicised on the Charity's website and will be a part of any Grant process.
- 6.2. Any suspicious activity or activity not in compliant with this policy should be reported in accord with the Whistleblower policy.
- 6.3. Reports under this policy will be treated with utmost care and shall be investigated by a designated Trustee or their designee and reported to all the Trustees at the next meeting.

## 7. Future Policy

- 7.1 This policy, approved by the trustees of the Charity on **November 19, 2020** will be reviewed annually to ensure that it continues to meet the objects of the Charity.