



# Control of Funds and Resources Policy

## CONTROL OF FUNDS AND RESOURCES POLICY

### Introduction

We are supported by donation and members of the public and institutional donors rely on Mahboba's Promise to ensure that funds and resources disbursed to third parties (including partners and implementing agencies) are applied lawfully, to the projects stipulated in accordance with the promise to the donor, for a proper purpose and with proper controls and risk management in place.

Donors expect that Mahboba's Promise Inc will be satisfied that any third party has activity consistent with the implicit promise to the donor and the capacity to fulfil the activity being funded.

Mahboba's Promise disassociates from all financial wrong-doing including fraud, corruption, terrorism financing, money laundering and violation of sanctions imposed by sovereign governments and takes steps to control the disbursement of funds so that they are used for the purpose for which they were raised and explicitly are not used to finance terrorism or for money laundering.

### Purpose

The purpose of this policy is:

1. To ensure that Mahboba's Promise will only disburse donated funds or resources to a third party where it is satisfied that:
  - The activity is consistent with the explicit or implicit promise to the donor.
  - The activity is consistent with Mahboba's Promise's strategy, objects, vision, mission and values.
  - The third party has the capacity to apply the funds or resources in accordance with the promise to the donor.
  - The funds will be disbursed in accordance with relevant laws including taxation, counter terrorism financing and anti-money laundering legislation.
2. To ensure that all parties including any third parties, are aware of their responsibilities for identifying any exposures to financial wrongdoing including fraudulent and corrupt activities, terrorism financing, bribery and money laundering, violation of sanctions imposed by sovereign governments and for establishing controls and procedures for preventing such fraudulent and corrupt activity and/or detecting such activity when it occurs.
3. To insure appropriate control and risk management mechanisms are in place to mitigate the risk of misappropriation or improper use of the funds or resources once disbursed.
4. To provide a clear statement to staff forbidding any illegal activity, including fraudulent and corrupt activities, such as terrorism financing, bribery and money

laundering, for the benefit of the organisation and to provide guidance to staff as to action which should be taken where they suspect any such activity.

## **Policy**

- The Management Committee of Mahboba's Promise Inc has ultimate responsibility for the prevention and detection of fraud and corruption and explicitly, terrorism financing and money laundering, violation of sanctions imposed by sovereign governments and is responsible for ensuring that appropriate and effective internal control systems are in place to:
  - (i) assess the risk of financial wrong-doing including fraud, corruption, terrorism financing, money laundering and violation of sanctions imposed by sovereign governments
  - (ii) educate employees about financial wrong-doing including fraud, corruption, terrorism financing, money laundering and violation of sanctions imposed by sovereign governments, prevention and detection.
  - (iii) facilitate the reporting of suspected financial wrong-doing.
  
- Any third party (Partner or implementing agency) engaged to implement projects will be bound by a signed International Collaboration Agreement in place which:
  - (iv) Explicitly excludes and prohibits any disbursement of funds for the procurement, promotion and support of military, paramilitary, and/or terroristic materials, activities and/or purposes or for money laundering or the evasion of taxation in any country.
  - (v) Contracts to carrying out activities consistent with Mahboba's Promise objects, vision, mission and values and in accordance with the specific nature of the disbursement.
  
- All staff and volunteers of Mahboba's Promise Inc or of any third party bound by an International Collaboration Agreement share in the responsibility for the prevention and detection of fraud, corruption, terrorism financing and money laundering in their areas of responsibility. All staff and volunteers have the responsibility to report suspected financial wrong-doing including fraud, corruption, terrorism financing, money laundering and violation of sanctions imposed by sovereign governments. Any staff member or volunteer who suspects fraud and corrupt activity must immediately notify their supervisor or those responsible for investigations. In situations where the supervisor is suspected of involvement in the fraudulent and corrupt activity, the matter should be notified to the Management Committee.

## **Procedures (ie how the policy is implemented on a day-today basis)**

- Finance policies to be progressively introduced to provide a comprehensive planning and budgeting framework.

- Third parties (new partners and implementing agencies) are not accepted without appropriate due diligence (ie demonstrating that the third party is appropriately registered in the country where it operates, that it has objects, mission and values consistent with those of Mahboba’s Promise Inc, and has the capacity necessary to perform the tasks required).
- Funds are not released to third parties without an International Collaboration Agreement in place.
- International Collaboration Agreements with implementing agencies explicitly prohibit any association with terrorism, financing of terrorist or fraudulent and corrupt activities or money laundering and require that funds are applied in compliance with relevant legal obligations.
- Funds sent to third parties are specific to projects and spending is accounted for by the third party for reconciliation.
- Spot checks are carried out on the third parties requesting full documentation for random transactions.
- The third party is required to have an annual audit by a firm approved by the Management Committee of Mahboba’s Promise Inc.
- Third parties are required to comply with current Australian regulations regarding the monitoring of association with named terrorist groups and individuals.
- All staff and volunteers in Australia and working for a third party will be required to confirm as part of their induction that they have no association with terrorist groups or individuals and are dedicated to the promotion and development of community and society, both locally and globally, through means which are uncompromisingly peaceful, tolerant, constructive, democratic and consultative.
- Recruitment strategies shall incorporate fraud and corruption prevention;
  - Applicants shall be required to undergo police checks where required by the duties of the position
  - Previous employers and referees shall be contacted
- Fraud and corruption prevention and detection issues will be included in relevant staff development and induction activities.
- All complaints of suspected fraudulent and corrupt behaviour will be investigated whilst also providing for the protection of those individuals making the complaint and natural justice to those individuals being the subject of any such complaint.
- Where a prima facie case of fraud and/or corruption has been established the matter shall be referred to police. Any action taken by police shall be pursued independently of any employment-related investigation by the organisation.

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