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## COUNTER-TERRORISM AND ANTI MONEY LAUNDERING POLICY

**[name of charity] is a charity dedicated to [ brief description].**

As a registered charity, we must comply with charity law. This includes ensuring that our assets are safeguarded and properly used to meet our charitable objectives. We also have a duty to protect the public funds we receive. Our resources must not be used to support criminal or terrorist purposes or in any way that breaches applicable sanctions.

This policy applies to all our operations in the UK and worldwide unless local legal requirements are more rigorous, or if applying the policy would be illegal under local laws.

We will assess the risks of becoming involved with terrorism and money laundering, and of breaching applicable sanctions. We will put in place proportionate measures to manage those risks, while continuing to work in difficult and challenging places.

We are committed to:

- having systems, procedures and controls in place to ensure that we manage the risk of becoming involved in financing or supporting terrorist activity, money laundering, or breaching sanctions
- for the highest risk transactions, checking that those we fund or work with are not on any lists of proscribed terrorist groups or persons, financial sanctions lists or other regulatory compliance lists, and assessing the risks if we are training its staff so that they have an awareness of the risks related to terrorist activity, money laundering, and breaching sanctions.
- ensuring that our staff understand their obligations to report any actual or suspected terrorist activity or money laundering
- ensuring that we meet our obligations to report to external authorities.

We require all those receiving our funds to act in accordance with this policy to ensure that our funds and assets are not used to finance or support terrorist activity or to launder money.

We will provide adequate and appropriate resources to implement this policy and will ensure it is communicated and understood.

We will review this global policy statement annually to reflect new legal and regulatory developments and ensure good practice.

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## **Appendix: Advice from the Charity Commission to assist trustees in protecting their charities from different kinds of abuse including money laundering**

The Serious Organised Crime Agency (SOCA) has identified a number of instances where charities have been unwittingly involved in a donation scam using fraudulently obtained credit cards.

### **HOW DOES THE SCAM WORK?**

The scam involves a fraudster informing a charity that they will be donating a large sum of money on the condition that the charity sends half of the donation onto another specified charity that is, in fact the personal bank account of the fraudster.

For example, the fraudster will offer the charity £100,000 on the condition that it sends £50,000 to another specified charity in another country. When the charity agrees, the payment to the charity of £100,000 is made using a compromised or stolen credit card. The charity keeps £50,000 of the donation and sends the remaining £50,000 to the other specified 'charity's' bank account. However, it is in fact the fraudster's personal account. The card issuer identifies that the credit card was compromised and recalls the full amount of £100,000 from the charity. The charity is liable for the full £100,000 sum. The charity has also unwittingly been involved in money laundering.

### **IN WHAT OTHER WAYS CAN FRAUDSTERS USE DONATIONS TO ABUSE CHARITIES?**

Most charities have very good relationships with their donors. However, charities can be abused by fraudsters posing as genuine donors. The Commission is urging charities to be vigilant, carry out due diligence, check donations and implement robust financial controls to help protect the charity from abuse.

However, if charities fail to have effective due diligence and monitoring, they can be abused by fraudsters posing as genuine donors in a number of ways, for example:

- money laundering - donors can make loans to charities as a means of laundering money, or they can make donations with specific restrictions as to which partner or project is to be funded as a means of transferring funds overseas and disguising the origin of the funds
- proceeds of crime - anonymous cash donations or donations through suspect third parties may be a means of disposing of the proceeds of crime
- tax avoidance/evasion - donors may seek tax relief on their donation while at the same time seeking private benefit as a result of their donation, for

example, by insisting that the charity purchase services from an associated company as a condition of the donation

Charities are free to accept donations with conditions attached, but only if those conditions are compatible with the purposes, priorities and activities of the charity and, of course, are not illegal. If the conditions are so inflexible that they could undermine the charity's independence, the trustees may need to refuse the donation.

## **HOW CAN TRUSTEES PROTECT THEIR CHARITY FROM THIS ABUSE?**

The best way to protect a charity from any form of financial abuse is to have good governance and strong financial controls and management. To avoid falling prey to these particular scams, trustees should also make sure that they carry out proper due diligence on those individuals and organisations that give money to, receive money from, or work closely with their charity. This forms part of trustees' legal duties to protect their charity's assets and is known as the 'Know Your' principles.

## **HOW CAN TRUSTEES IDENTIFY SUSPICIOUS DONATIONS?**

The key to identifying suspect donations is to look out for exceptional features, such as unusually large amounts, conditions or complex banking and transfer arrangements, or a donation which in reality is some kind of loan.

Unsolicited donations might be suspect, particularly if the trustees are unable to satisfy themselves about the credentials of the people involved, or the appropriateness of the donation or loan. Donations may take forms other than money, for example shares or goods. Trustees should, of course, remember that the donor might be entirely legitimate, but they should not rule out the possibility that somebody is trying to exploit the charity.

The following situations may indicate higher risks:

- unusual or substantial one-off donations or a series of smaller donations or interest-free loans from sources that cannot be identified or checked by the charity
- where a charity is asked to act as a conduit for the passing of a donation to a second body which may or may not be another charity
- if conditions attached to a donation mean that the charity would merely be a vehicle for transferring funds from one individual or organisation to another without the trustees being able to satisfy themselves that they have been properly used
- where a charity is told it can keep a donation for a certain period of time, perhaps with the attraction of being able to keep any interest earned whilst holding the money, but the principal sum is to be returned at the end of a specified, short, period

- where donations are made in a foreign currency, and again unusual conditions are attached to their use, e.g. including a requirement that the original sum is to be returned to the donor in a different currency
- where donations are conditional on particular individuals or organisations being used to do work for the charity where the trustees have concerns about those individuals or organisations
- where a charity is asked to provide services or benefits on favourable terms to the donor or a person nominated by the donor

## WHAT DO TRUSTEES NEED TO DO IF THEY IDENTIFY A SUSPECT DONATION?

Trustees should report a suspect donation to [Action Fraud](#) and/or other appropriate authorities. They should also report this to the Charity Commission under our [reporting serious incidents](#) regime as soon as they become aware of it.

**Daryl Martin – April 2018**

[www.afvs.org.uk](http://www.afvs.org.uk)

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