



Australian Government



Safeguarding your organisation against terrorism financing

A guidance for non-profit organisations

Non-profit organisations (NPOs) are at risk of being misused by individuals or other organisations to finance or support terrorist activity. This misuse can have serious consequences for NPOs. This can include criminal penalties.

The Australian Government has released a Guidance for NPOs which is intended to:

- build awareness of the risk of being misused for the purpose of terrorism financing
- outline **Best Practice Principles** which NPOs can adopt to help reduce this risk, and
- assist NPOs to understand and comply with legal requirements in relation to terrorism financing.

The Australian Government recognises the vital contribution that NPOs make in Australia and overseas. In minimising the risk of misuse of NPOs, the Australian Government is mindful of the need to not disrupt or discourage legitimate NPO activities. The Guidance is intended to support NPOs to continue their important work. The Guidance is not a legal document.

How do terrorist organisations misuse NPOs?

Terrorist activity requires financial support. One way of acquiring this support is to redirect funding intended for charitable purposes. There are a number of ways that this can occur, including fraudulent collection of monies and infiltration of a NPO by terrorists (without the knowledge of the staff or donors).

Complying with the Best Practice Principles

The **Best Practice Principles** are intended as a guide only to describe 'best practice'. This is not an exhaustive or comprehensive compilation. Many NPOs already have internal controls in place to promote transparency and accountability in their financial operations. Some NPOs have already implemented specific measures to reduce the risk of being misused for the purpose of terrorism financing. NPOs should not abandon proven internal controls and practices, but should review them with a view to strengthening these controls and practices to further reduce the risk of misuse for terrorism financing.

For more information

This flyer is an extract from the Australian Government publication titled *Safeguarding your organisation against terrorism financing – A guidance for non-profit organisations*. This flyer should be read in the context of the full publication. It is recommended that you obtain a copy of the full publication, which is available at www.nationalsecurity.gov.au/npo.

Best Practice Principles

Overarching principle

1. NPOs must make all reasonable efforts to ensure that funds are not being directed to terrorist activities.

Legal obligations

2. NPOs operating in Australia must comply with Commonwealth, State and Territory laws.
3. Australian NPOs should comply with the laws of any foreign countries that they operate in.

Risk awareness

4. NPOs should understand the level of risk that their organisation may be exposed to in relation to terrorism financing, and where risk is evident, take necessary precautions.
5. NPOs should ensure that management, staff and volunteers are aware of the level of risk that their organisation may be exposed to in relation to terrorism financing and, where risk is evident ensure that precautions are in place.

Due diligence

6. NPOs should know their beneficiaries.
7. NPOs should know the third parties they work with.
8. NPOs should regularly check that beneficiaries and third parties are not listed individuals or organisations.

Transparency and accountability

9. NPOs should conduct financial transactions where possible through regulated financial institutions, such as banks or building societies.
10. NPOs should conduct background checks of management, staff and volunteers.
11. NPOs should keep records of what assistance has been provided, who has received it, and the details of any third parties involved.
12. NPOs should conduct follow-up checks where possible to make sure that the assistance was delivered as intended.
13. NPOs should report suspicious activity to the Australian Federal Police.

Using Third Parties

Where funds are provided to a third party

14. the NPO should make all reasonable efforts to ensure the third party is aware of, and seek assurance that the third party will comply with, all applicable laws, and the NPO should make all reasonable efforts to ensure the third party is aware of, and seek assurance that the third party will comply with these Best Practice Principles.