

Risk Management Policy

Introduction Sound risk management is an important aspect of managing the operations of any organisation, including not-for-profit organisations like AMAF. Funds and resources entrusted to an organisation should be properly controlled and managed.

Purpose The purpose of this policy is set out how AMAF manages risk, particularly financial risk to the organisation. This Policy is linked to and should be read in conjunction with other AMAF policies such as Fraud Risk Management policy and Ethical Fund-Raising Policy. The policy applies to all members and volunteers. The policy also sets out to ensure that:

- There is control & management of funds received by AMAF
- Funds collected are used to benefit the community and the purpose for which it was collected, and
- Any fraud, corruption, bribery, terrorism financing and money laundering is prevented.

The policy applies to staff, volunteers, and partners.

Policy

AMAF continuously monitors its operating environment and the situation in Sri Lanka, Australia and globally to identify risks impacting projects / programs, non-development activity, stakeholder and partner safety and behaviour, vulnerable people protection, the protection of local environments, AMAF reputation locally and in Australia.

AMAF management has the ultimate responsibility to identify and control risks on behalf of the AMAF and to discuss periodically the major risks with the Board. Other members and volunteers will update management as and when risks are identified. This discussion will include the likelihood of the risk occurring and the impact on AMAF as well as mitigation strategies to prevent or reduce the risk.

Risks and their management will also be included in ongoing discussions during program planning and evaluation and on an ongoing basis with staff and volunteers, and will be included in orientation sessions pre-program departures, and in training for new members and volunteers.

Financial risk management is covered in more detail in this Policy.

Financial wrongdoing assessments *AMAF will periodically assess financial wrongdoing using the following criteria*

- Where funds flow into and out of AMAF and the opportunities for them to be misdirected (include consideration of physical cash and cheques as well as online funds): This requires AMAF to follow the flow of a dollar from donor, through your organisation, out to partners, suppliers, contractors, affiliates

and to beneficiaries. At each step the question is asked 'how do we know that this dollar is being used as intended and in line with our objectives?',

- Where confidential financial information (such as bank account details and credit card numbers) is obtained and held in your organisation
- Where donations are restricted and what sorts of restrictions are accepted
- The practical details of implementing AMAF programs
- What financial wrongdoing incidents has AMAF (or our affiliates or partners) experienced in the last five years that we can learn from and aim to prevent?
- What are the strategies that we already have in place to prevent financial wrongdoing and their effectiveness?

Financial risk management – control of funds and resources.

Accounting System

- The accounting records are maintained on accounting software which is capable of producing accurate & reliable financial records & transactions
- The accounting system is appropriate to our operational, legal & structural requirements
- Annual Financial Statements audited by a qualified & approved external auditor

Managing Funds

- All payments relating to projects must be approved by the Board at the Board meeting
- Payments are made based on invoices & project proposals approved
- All cheques need to be signed by 2 Directors
- Donors are specifically requested to donate in the form of cheque, credit card or direct debit and to avoid any cash donations

Financial Controls

- Receipts are issued for all receipt of donor contributions
- Sales of tickets for cultural events are reconciled and agreed to income
- Financial reports are prepared and submitted at each Board of Directors meeting

Annual Financial Reports that comply with the accounting standards, are ACFID Code-compliant and are audited by a qualified accountant

- An abridged version of the Audit Report, which is approved by the auditor, is included in the Annual Report with a note that the actual Audit Report can be produced on request
- Copies of the Audited Financial statement & Annual Report are forwarded to ACFID & ACNC

Financial Management

Project proposals are received from those who receive funds and monitor the projects overseas. The Board must approve the proposal before any funds are remitted.

- The project coordinators must provide AMAF with
- Continuous progress reports

- Confirmation of successful installation of medical equipment, and
- Photographs and / or video of projects undertaken (where applicable)
- Risk assessment of major projects are undertaken to ensure that they will be completed on time and will benefit the community (ultimate user)
- When a member of AMAF visits Sri Lanka at their personal cost, he / she attempts to visit to evaluate and verify the projects undertaken by AMAF
- Wherever possible, AMAF pays the supplier directly and the supplier undertakes to install any medical equipment and gives a warranty for the equipment (50% deposit & balance 50% on completion)
- Any reimbursement of expenses should be accompanied by invoices and be associated with fundraising activities undertaken by AMAF

Organisational Management

- A project update is presented and discussed at every meeting of the Board of Directors
- The bank balances, including receipts and payments, are presented and discussed at each Board meeting
- AMAF has developed various policies to be compliant with ACFID's requirements:

Related Party Transactions

- No Directors, members, volunteers or project coordinators should have any personal interest in any projects undertaken; if there is conflict of interest, the projects are not approved
- No loans are provided to members, Directors or related family members

Corruption, Fraud & Bribery

- No salaries, commissions or any financial incentives are paid to any Directors, members, volunteers or project coordinators (All members & Directors of AMAF are volunteers)
- Bribery / Corruption of any official or person to complete or facilitate a project or for any other reason is strictly prohibited and AMAF has a zero-tolerance policy
- More policy requirements are covered in Fraud Risk Management Policy.

Policy

- Individuals and organisations receiving funds from AMAF will be checked against the Criminal Code list of terrorist organisations and the DFAT consolidated list of individuals and entities subject to targeted financial sanctions. Links are below
- <https://www.dfat.gov.au/internationalrelations/security/sanctions/Pages/consolidated-list>
- <https://www.nationalsecurity.gov.au/Listedterroristorganisations/Pages/default.aspx>

Complaints

Complaints relating to financial risk management or related matters can be made to a generic email address that will be monitored.

Definitions

- Bribery – the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages.
- Corruption – the abuse of entrusted power for private gain.
- Counter-terrorism – the practice, techniques and strategy used to combat or prevent terrorism.
- Financial Wrongdoing – behaviour that is illegal or immoral with regards to financial transactions. Includes bribery, corruption, fraud, money-laundering, terrorism financing and violation of sanctions imposed by the Australian government.
- Fraud – Dishonestly obtaining a benefit, or causing a loss, by deception or other means.

Money Laundering – the process of concealing the origin, ownership or destination of illegally or dishonestly obtained money and hiding it within legitimate economic activities to make them appear legal.

- Terrorism Financing – intentionally providing or collecting funds and being reckless as to whether those funds would be used to facilitate or engage in a terrorist act.

– **Board of directors**

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