

# FUNDAMENTALS OF A COMPLIANCE MANUAL

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## OBJECTIVES

- Purpose/Objectives Of The Compliance Manual;
- Executive Committee Endorsement/Approval;
- Staff/Executive Committee Acknowledgment;
- Key Elements Of An NPO Compliance Manual;
- Compliance Manual Appendix.



## Purpose/Objectives -Compliance Manual

- Set out systems and controls that each NPO should have in place to comply with applicable Legislation;
- Act as:
  - A Guide;
  - Training Tool;
  - Continued Reference Point.

NOTE: Each compliance manual is unique and vary based on NPO activities, nature, size and complexity.

# Executive Committee Endorsement/Approval

Certificate of Approval by Executive Committee/Board of Directors

Of  
(NPO Name) Compliance Manual

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This certifies that the Compliance manual submitted to the Financial Investigation Agency is hereby approved by the Executive Committee of (NPO Name) on (Date).

Directors Names	Signatures
1. ....	.....
2. ....	.....
3. ....	.....
4. ....	.....
5. ....	.....

# Staff/Executive Committee Acknowledgment

I, \_\_\_\_\_ (print name) hereby  
confirm that:

- I have read and understood the Compliance Manual;
- I understand that the contents of part or all of this Compliance Manual are not to be distributed to third parties without written authorisation of a executive committee;
- I understand my obligations and duties as contained in the Compliance Manual and relevant legislation and guidance and agree to follow any requirements set by the (NPO);
- Where I was not clear about any area of the Compliance Manual, it was explained to me; and
- I know that I must complete an Internal Report Form for every instance in which I know or suspect money laundering or financing terrorism.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

# Key Elements Of An NPO Compliance Manual

- Introduction;
- Policy Statement;
- Overview of Applicable Laws;
- Definition and relevant Non-Profit Examples of ML, TP, PF;
- Risk Assessment/Risk Based Approach;
- Due Diligence Measures;
- Source of Wealth Funds Obligations;
- Reporting Obligations;
- Red Flags;
- Designated Person;
- Record Keeping;
- Ongoing Employee/Volunteer Training;
- Manual Review.

# Elements- Introduction

- Overview of the NPO (formation, activities, history);
- Location (Headquarters);
- Nature of NPO and Purpose;
- Executive/Organisational Chart (must include the Designated Person);
- Location (Headquarters);
- Donor.

# Policy Statement

- Purpose of the Manual;
- Commitment to combating Money Laundering and Terrorist Financing;
- Obligation that all employee/volunteers are required to Comply;
- Affirm willingness to ensure suspicious activities and transactions can be identified and reported;
- Confirmation that the policy will meet Legislative mandate set out by the FIA.



# Overview of Applicable Laws

- Proceeds of Criminal Conduct Act, 1997, as amended (“POCCA”);
- Anti-Money Laundering Regulations, 2008, as amended (“AMLR”);
- Anti-Money Laundering and Terrorist Financing Code of Practice, 2008 (“AML Code”);
- Financial Investigation Agency Act, 2003, as amended (“FIAA”);
- Non-Profit Organisation Act, 2012 (“NPOA”);
- Proliferation Financing (Prohibition) Act, 2009 (“PFPA”);
- Anti-Terrorism (Financial and Other Measures) (Overseas Territories) Order, 2002 (“ATFOMOTO”);
- The Terrorism (United Nations Measures) (Overseas Territories) Order, 2001 (“TUNMOTO”);
- Drug Trafficking Offences Act, 1992, as amended (“DTOA”)

# Definition and relevant Non-Profit Examples ML, TP, PF



This section of the manual should:

- Explain the crimes of Money Laundering, Terrorist Financing, Proliferation Financial and Sanctions;
- Provide applicable examples that speaks specifically to the NPO type.

# Due Diligence Measures

- There must be systems and controls in place to conduct due diligence on individuals and organisations that give money to, receive money from, or work closely with the NPO;
  - Must know your executives;
  - Know your donor;
  - Know your Beneficiaries;
  - Know your Partner.
- Identify the CDD measures.
- Include customer identification documentation required, and how verification of customer information is to be carried out. For example, government issued picture identification, utility bill receipts, voters' register (where accessible), credit reference agencies, third party verification, etc.
- Identify due diligence measures for individuals, companies, legal persons, non-face-to-face business relationships, third party relationships, introducers both domestically and internationally, cross border transactions; d. Identify due diligence measures for Enhanced Due Diligence ("EDD"):
  - Politically Exposed Persons ("PEPs");
  - Complex ownership structures;
  - and Persons who are located in countries considered or identified as a high-risk countries.



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## SOURCE OF WEALTH/FUNDS OB LIGATIONS



SOF is the activity that generates the funds for a particular business relationship or occasional transaction



As with SOW, essential that SOF story is understood to assess risk of exposure to money laundering or terrorist financing



It is easy to confuse the SOW and SOF concepts



There is overlap, the SOF story is the last part of the SOW story, think of a timeline

# Reporting Obligations

- The policies and procedures in this section should speak to the process in which the NPO will:
  - make reports on suspicious transactions internally to their Designated Person (internal reporting form);
  - Externalize to competent authority (external reporting form);
  - Include a notification to all employees that it is illegal to tell a customer that they are filing a STR/SAR. 'Tipping-Off' should be clearly explained and the type of behaviour that would constitute Tipping -Off should be illustrated. The penalties such an offence attracts should also be highlighted.

# Designated Person

State the responsibilities of the Designated Person. Refer to sections 16-18 of the AML Code.

Include the Designated Person's reporting obligations and specifically the following:

- that the STR/SAR should be in the form as described in section 55 of the AML Code;
- You may include a copy of the form as an Appendix. A STR/SAR form can also be found on the Agency's website;
- the timeliness of submission to the Agency;
- the duty to report BOTH complete and any attempted transactions or activity that the entity or professional has turned away;
- the submission of a SAR if there is reasonable belief that that property is being used for terrorist activities;
- Include other Designated Person's duties as required by Law. For example, to keep a register of all inquires.

# Record Keeping

- This section should speak to how the NPO maintains its records, retention period and custody chain of various transactions.
- Additional details would be provided in separate presentation.

# Ongoing Employee/Volunteer Training

- NPO's should ensure that their Designated Person, staff and volunteers are aware of likely ways in which the NPO could be used for money laundering and terrorist financing so that they can alert on suspicious transactions.
- Additional details would be provided in separate presentation.



# Manual Review

## Review by Designated Person-

- State how often the Compliance Manual must be reviewed to ensure its adequacy.
  - Independent Internal Audit (by someone, competent within your business other than the Designated Person)- Indicate how often it will be conducted and whether a written report will be prepared and to whom it will be sent.
  - Independent Audit means a review, (by persons who are not part of the AML/CFT compliance team of the FI's/DNFBP's/NPO's) of AML/CFT policies and procedures, for their appropriateness, compliance and effectiveness.
  - External Audit (a competent person or company independent of your organization) - Indicate how often and how it will be done, whether a written report will be prepared and to whom it will be sent.

# Compliance Manual Appendix

- Due Diligence/Donor Identification Form;
- Source of Wealth/Funds Declaration Form;
- List of Major Offenses and Penalties;
- Training Register;
- Suspicious Typologies
- Internal/ External SAR/STR
- PEP Register

# Due Diligence/Donor Identification Form



## Donor Identification forms

### Part I - Individuals

Name\*: \_\_\_\_\_

Former Name(s)\*: \_\_\_\_\_

Residential Address\*: \_\_\_\_\_

Home Telephone: \_\_\_\_\_

Work Telephone: \_\_\_\_\_

Cellular Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Date of Birth\*: \_\_\_\_\_

Place of Birth\*: \_\_\_\_\_

Occupation\*: \_\_\_\_\_

Employer\*: \_\_\_\_\_

Employer's Address\*: \_\_\_\_\_

\_\_\_\_\_

Relationship to \_\_\_\_\_

the Church : \_\_\_\_\_

Fields marked with an asterisk (\*) are mandatory

# Due Diligence/Donor Identification Form

## Donor Identification Form

### Part 2 - Organisations and similar entities

Name\*: \_\_\_\_\_

Former Name(s)\*: \_\_\_\_\_

Registration Number\*: \_\_\_\_\_

Country of Registration\*: \_\_\_\_\_

Date of formation\*: \_\_\_\_\_

Registered Address\*: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Nature of Business\*: \_\_\_\_\_

Names of Directors  
or other Officers: \_\_\_\_\_

Names of Shareholders  
or other owners: \_\_\_\_\_

Fields marked with an asterisk (\*) are mandatory

## Source of Funds Declaration Form

### **Instructions**

This form is to be filled in when receiving amounts over \$10,000 or cash over \$3,000

Date of receipt of funds: \_\_\_\_\_

Name of Donor Full entity name: \_\_\_\_\_

Source of income or wealth:

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I/We hereby authorize [REDACTED] to obtain independent verification of any of the information provided.

I/We confirm that all payments made to [REDACTED] Inc will be from assets owned solely and exclusively by myself/ourselves and that such assets have been derived from legal sources and that no such assets have been derived from criminal activities of any nature whatsoever or from any other activity that I/we know to be illegal in my/our country of citizenship, residency, domicile or in the domicile of any entity to be used in connection with this account/transaction.

I/We hereby expressly, specifically and unqualifiedly agree to hold wholly harmless and to indemnify wholly [REDACTED] and each of its officers from any liability of any kind or character with respect to any fact or statement contained in this declaration which is untrue or inaccurate in any manner.

I/We hereby declare that the above is true and correct as of date of this declaration.

Declared by: \_\_\_\_\_

Date: \_\_\_\_\_

Witnessed by: \_\_\_\_\_

Date: \_\_\_\_\_

### **Internal use only:**

Invoice #: \_\_\_\_\_

Invoice date: \_\_\_\_\_



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# Fines and Penalties

There are penalties for non-compliance with the Legislation which could result in long term damage to the Entity. Refer to Applicable Legislation.



Warnings Directive



Admin Fines



License Suspension  
And Revocation

# Training Register



	Name	Provider	Training date	Duration	Topic/ Overview	Testing (Yes/No)
1	Name					
2						
3						
4						

# PEP Register

[illegible]



# Internal STR/SAR

## INTERNAL SUSPICIOUS ACTIVITIES OR TRANSACTIONS REPORT FORM



Date of report:	<input type="text"/>
Name of client:	<input type="text"/>
Address of client:	<input type="text"/>
Client Acc No:	<input type="text"/>
Transaction No:	<input type="text"/>

Details of transactions arousing suspicion (including background information and details of specific transactions in so far as possible: (Please attach supporting documentation if necessary))

...

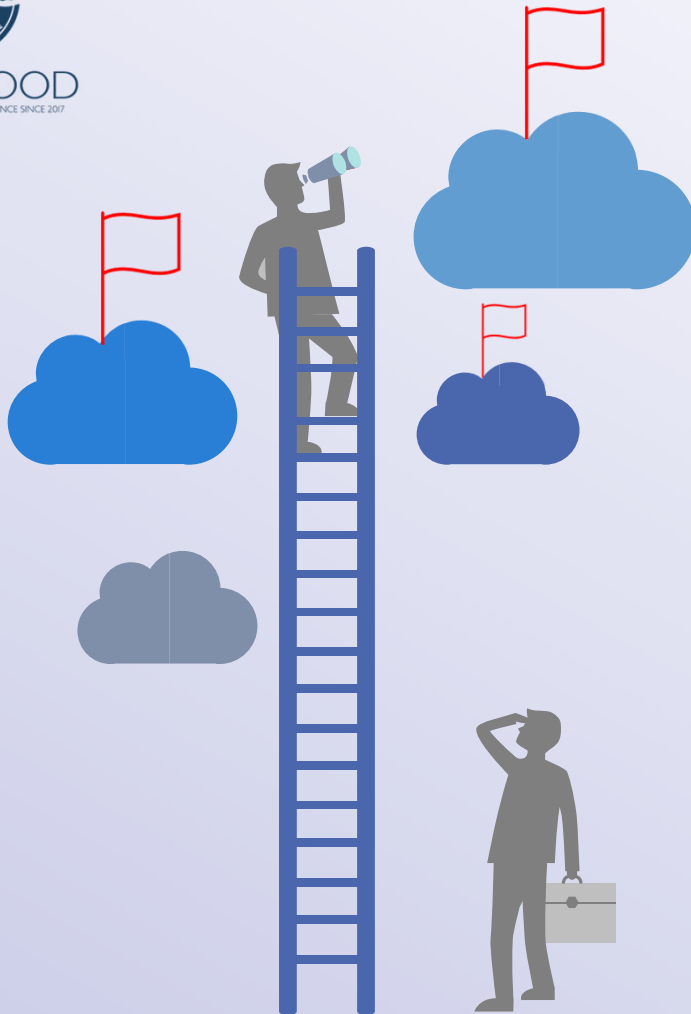
### ASSESSMENT BY THE MLRO:

Log #

Signature: \_\_\_\_\_

Date: \_\_\_\_\_ ☐

# TYPOLGY/RED FLAGS



## Aid worker's misuse of position

An employee working for an aid organisation in a war-ravaged region used his employment to support the ongoing activities of a known terrorist organisation from another region. While working for the aid organisation as a monitor for work funded in that region, the employee secretly made contact with weapons smugglers in the region. He used his position as cover as he brokered the purchase and export of weapons to the terrorist organisation.



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**QUESTIONS ?**