

## **Anti-Terrorism and Anti-Money Laundering POLICY**

**In its procurement and anti-bribery, in its anti-fraud and anti-corruption policies & in its HR guidance, IsraAID clearly sets a list of banned practices & PROHIBITED BEHAVIORS.**

### **1. Objection:**

IsraAID is determined to prevent its funds from being used directly or indirectly for terrorist activities and to prevent that the proceeds of crime can be washed through IsraAID.

Further to this, suggestions that an NGO is linked to terrorism or money laundering in any way can be damaging to its reputation and undermine the trust and support of beneficiaries, partners, the wider public and donors.

The objective of this policy is to prevent IsraAID funding terrorism, breaching sanctions and being used as a vehicle for money laundering.

### **2. Scope:**

The policy also applies to all staff members and consultants of IsraAID at Headquarters and Country Offices/Humanitarian Missions. All partners, donors and suppliers are subject to the measures to prevent financing terrorism and/or money laundering.

Whilst IsraAID works in some high-risk locations for terrorism, IsraAID partner with local organizations, of which the majority are partners we conducted long engagements and have previous experience with or ones we conduct relevant due diligence checks before partnering with. IsraAID states that its enforcement and adherence to this rule of thumb, controls the relatively low risk level of a possible breach of use of dedicated funds for violent purposes.

However, given the impact of any proven or alleged terrorist funding, IsraAID took several measures in its process to select partner organizations, suppliers and donors to further reduce this risk.

The prevention of funding terrorism and money laundering in Israel is legally laid down in the PROHIBITION ON MONEY LAUNDERING LAW, 5760 - 2000 and THE COUNTER-TERRORISM LAW, 5776-2016 and is guided by Israel Money Laundering and Terror Financing Prohibition Authority in line with international standards.

### 3. Dissemination:

The Anti-terrorism and anti-money laundering policy is available on IsraAID internal website (Tagbox). All updates will be so directly communicated to all IsraAID staff, partners, donors and consultants. Introduction of the policy is a mandatory part of the onboarding program of all new staff members.

The Anti-terrorism and anti-money laundering policy is to be mentioned in all legal agreements with partner organizations, donors, consultants and suppliers including a link to the full document.

### 4. Related policies, procedures, and tools:

- **Policies:** Procurement policy, Anti-bribery, anti-fraud and anti-corruption policy, Code of conduct for staff, Code of conduct for suppliers, Delegation of authority policy.
- **Procedures and tools:** Partner risk assessment, Partner monitoring process.

### 5. Definitions:

A *terrorist act* is an act, or a threat to act, that meets both these criteria:

- Terrorism intends to coerce or influence the public or any government by intimidation to advance a political, religious, or ideological cause.
- Terrorism causes one or more of the following: death; serious harm or danger to a person; serious damage to property; a serious risk to the health or safety of the public; and serious interference with, disruption to, or destruction of critical infrastructure such as a telecommunications or electricity network.

Advocating, protesting, dissenting, or taking industrial action are not terrorist acts where the person doing the activity does not intend to cause serious harm to a person or create a serious risk to public safety.

*Money laundering* is the process by which the proceeds of crime are channeled through financial systems in an effort to disguise their illegal origin and returned to the launderer in an indirect manner.

### 6. Prevention

*Due Diligence* on partners, suppliers, and donors: IsraAID has a set of procedures and policies in place that prescribe limitations to the type of organizations with whom we cooperate. For all new partner organizations, a partner risk assessment is performed, indicating the different risks of working together with this partner. Based on the assessment risk mitigating measures are taken to reduce the identified risks.



To make sure that IsraAID doesn't enter financial relations with terrorist or criminal organizations, new partners, suppliers and donors and their executive board members go through a standard due diligence check. In case the check reveals potential risks in relation to terrorism or money laundering, additional research will be done. Only when additional research gives guarantees, cooperation with the organization can be considered.

*Code of Conduct:* IsraAID enforces a Code of Conduct among its staff and its contract partners. Staff and contract partners sign up to the Code of Conduct on joining the organization or signing a contract with IsraAID. The Code of Conduct specifically mentions that staff and contract partners should contribute to preventing unethical and criminal activities.

*Audit Committee:* IsraAID's Audit Committee assists the Global Board in fulfilling its responsibilities by independently reviewing financial statements and the effectiveness of our internal controls. This Committee monitors the effectiveness of the external and internal audit functions and assists the Global Board in fulfilling its responsibilities for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives.

*Segregation of duties:* Responsibilities in key financial processes are separated among several employees rather than entrusted to one employee. Signatures and/or system workflow approvals are required at different stages in any financial transaction process in order to avoid unauthorized transactions.

*Budget management:* Budget versus actual expenditure reports are prepared and reviewed with senior management on a monthly basis per project and organizational unit. Every 3 months an extensive consolidated report is shared with the Finance Committee and the Global Board.

*Proper books and records:* IsraAID maintains a multi-currency accounting system that allows tracking of income and expenditure with unique reference to projects, funding sources and external third parties in the system. All income and expenditure is linked to donor/source coding and all program expenditure is linked to specific projects coding. In addition, IsraAID retains all supporting documentation (receipts, invoices and supporting documents) in line with legislative requirements.

*Cash and Bank management:* Controls include regular cash counts and monthly bank reconciliations, authorization levels to carry out financial operations, segregation of duties, signatures/system approvals. In addition, when used, cheques require two signatures, and all bank transfers require dual signatures.

## **7. Monitoring & reporting**

All incidents of possible criminal activities that are proactively and/or retroactively noticed within IsraAID, will be reported to the Finance Committee of the Board. Suspicions of financing

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IsraAID is a registered non-profit organization in Israel (Amuta/Org. 580472959) and in the United States as a 501(c)3 (EIN 462118225)



terrorism and/or money laundering will be dealt with by the Committee in accordance with the Israeli legislation.

#### 8. Version Control and Change History

| Version Control | Date Effective | Approved By | Amendment |
|-----------------|----------------|-------------|-----------|
| 1               | 1/11/2023      | CFO         |           |
| 2               |                |             |           |
| 3               |                |             |           |
| 4               |                |             |           |

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