

Anti-Financial Crime Policy – Guidance

This guidance should be read in conjunction with the Anti Financial Crime Policy.

Why does this apply to us?

If you are a Charity or Non-Profit Organisation (“NPO”) that: -

- Carries out international activity; and/or
- Accepts donations, funds or contributions from the public,

and are therefore to registered with the Guernsey Registry, you are required to have an Anti-Financial Crime Policy.

You may also wish to implement an Anti-Financial Crime Policy if you are a voluntary organisation in Guernsey or Alderney, who having considered the risks your activities and operations are or could be exposed to, would like to take measures to manage for example, reputational impact.

What does my organisation have to do?

Your organisation must implement an Anti-Financial Crime Policy and provide a copy of this to the Registrar when applying for registration or once it has been implemented.

These obligations are set out within The Charities etc (Amendments, Exemptions, Governance and Specified Amount) (Guernsey and Alderney) Regulations, 2022 (“the Regulations”) under the powers of the Charities etc (Guernsey and Alderney) Ordinance, 2021 (“the Ordinance”).

The Regulations also set out a general obligation for the mitigation of risk which requires the organisation to put in place all necessary internal or other controls to ensure that neither it, nor its activities, can be used for criminal purposes. Measures are necessary to ensure that: -

- a) Funds or assets are accounted for;
- b) Funds or assets are used in a manner consistent with your organisation’s purpose, mission, and objectives; and
- c) Your organisation fulfils all applicable obligations under its constitution or governing documents and discharges any legal obligations.

Guidance on Financial Crime in Guernsey and Alderney

Financial Crime includes a number of differing risks that Charities / NPOs must face and be equipped to identify. The main risks arise from the following:

Money laundering - the process by which criminals seek to disguise the illicit origins of their funds or assets and make them appear to have derived from a legitimate source.

Terrorism and terrorist financing - terrorism involves the calculated use of violence, whether it be an action or threat to create a climate of fear in the population.

Bribery - an interaction with a person in a position of trust that provides a benefit in order to influence and provide incentive for performing an action which is illegal, unethical or a breach of trust.

Corruption - the abuse of entrusted power or authority for personal or private gain through financial crime, illegal or unethical means.

To aid with your understanding of financial crime, background information and resources can be found on the States of Guernsey website through the below links. Please bear in mind that these are aimed at financial services businesses, however they provide an overview of the issues.

[Money laundering risks](#)

[Terrorism risks and counter measures](#)

[Measures to counter the proliferation of weapons of mass destruction and the financing of weapons of mass destruction](#)

[Bribery and corruption risks](#)

What Reviews Should be Undertaken?

Reviews should be undertaken to ensure that you remain aware of the risks applicable to your organisation and that any changes to circumstances are considered.

The Regulations require that an annual review is undertaken of the Compliance with:

1. The Charities etc (Amendments, Exemptions, Governance and Specified Amount) (Guernsey and Alderney) Regulations, 2022;
2. The Charities etc (Guernsey and Alderney) Ordinance, 2021; and
3. The organisation's Anti-Financial Crime Policy.

Where failures to comply are identified, mitigating measures should be put in place.

Your organisation must also periodically review and update as necessary, its constitution / other governance documents. Generally, a review every 5 years is considered sufficient unless a change in circumstances require reviews to be made more frequently.

The Anti-Financial Crime Policy, and all policies relating to terrorist financing should be reviewed annually and policies relating to other forms of financial crime should be reviewed every 2 years.

Risks of International Partners

An 'International Partner' can be defined as an affiliated organisation or any other entity or individual with which a registered organisation has arrangements in place for the purposes of providing funds or other assets or other forms of assistance outside the Bailiwick. They are the charities' on-ground representatives in foreign jurisdictions.

Dealings with International Partners present a higher risk of Financial Crime to your organisation due to the increased complexities of funding and provision of donations in kind. Every link in the chain reduces control and all methods of moving funds are open to abuse. This is why the Regulations require that your organisation takes extra care to mitigate the risks posed by its dealings with International Partners. The main method of achieving this is to understand where donations are received from and where and to whom they are made.

Training

While this is not mandatory, you should consider whether the size, nature, and complexity of your activities mean that your officers will require training.

Where training is considered necessary, for example for officers who are not financial services professionals, it may be carried out as your organisation deems appropriate which could be, but is not limited to: -

- a) Seminars arranged by government agencies;
- b) Training arranged by umbrella or co-ordinating bodies; and/or
- c) Training provided by your organisation's head office if it is in the UK.

Where you do conduct training, you should consider whether or not it needs to be refreshed and when, for example when legislation is updated.



Record Keeping

You should keep records relating to your anti financial crime activities, your Anti Financial Crime Policy, your Annual Financial Statements, and any other statutory documents for at least 6 years. While records are retained, they must be kept securely and in a readily retrievable form.

Guide to Suspicion and Reporting

Suspicion can be defined as beyond mere speculation, being based on some substance where there is a possibility, which is more than fanciful, that the relevant facts exist. It is something less than personal or subjective knowledge and does not require proof based on firm evidence.

It is possible that, in undertaking the additional identification measures required by the Regulations and by conforming with the newly adopted Policy, your organisation may come across activity which it deems to be suspicious, or you believe has the potential to be connected to Financial Crime.

Examples of suspicious activity may include:

- Being given funds for the purchase of an asset that has been quickly resold;
- A large, complex or unusual donation being received;
- Money being converted into different currencies, through multiple jurisdictions or different bank accounts; or
- Being asked to make payments to a beneficiary that you cannot identify.

In these or similar circumstances, your organisation should consider contacting the Guernsey Financial Intelligence Unit at: <https://guernseyfiu.gov.gg/article/175901/Contact>

It is important you do not mention or lead the third party to believe you have a suspicion or that you are considering reporting or have reported this to the authorities.