

**Frequently Asked Questions**  
**Guidance Template -**  
**Anti-Money Laundering and Countering the Financing of Terrorism Policies and**  
**Procedures for Charities**  
Issued October 2024

**ACRONYMS**

<b>AML/CFT</b>	Anti-Money Laundering and Countering the Financing of Terrorism
<b>CDSA</b>	Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992
<b>COC</b>	Commissioner of Charities
<b>FATF</b>	Financial Action Task Force
<b>ISCA</b>	The Institute of Singapore Chartered Accountants
<b>ML</b>	Money Laundering
<b>NPO</b>	Non-profit organisation
<b>SONAR</b>	STRO Online Notices and Reporting platform
<b>SPF</b>	Singapore Police Force
<b>STR</b>	Suspicious Transaction Report
<b>STRO</b>	Suspicious Transaction Reporting Office
<b>TF</b>	Terrorist Financing
<b>TSOFA</b>	Terrorism (Suppression of Financing) Act 2022

## Frequently Asked Questions

### Guidance Template -

## Anti-Money Laundering and Countering the Financing of Terrorism Policies and Procedures for Charities

Issued October 2024

### General queries about AML/CFT policies and procedures

#### 1. What is the purpose of the Guidance Template - AML/CFT policies and procedures for Charities?

Charities play a vital role in society, enjoy high level of public trust and are able to reach different segments of the society. However, charities can be exploited by terrorist organisations or money launderers through their programmes, services, properties and stakeholders such as trustees, volunteers and donors.

It is therefore essential for charities to put in place appropriate mitigating measures to safeguard themselves against potential risks of TF abuse. Putting in place formal, documented AML/CFT policies and procedures demonstrates the commitment of charities to protect themselves against ML and TF abuse. This also helps charities create a culture of awareness and accountability within the organisation.

As such, the Office of the COC has collaborated with WongPartnership LLP to co-develop the Guidance Template, which sets out the recommended AML/CFT policies and procedures to guide charities in their day-to-day operations.

- 2. Is it mandatory for all charities to put in place AML/CFT policies and procedures?**
- 3. How does my charity, a small organisation with limited resources go about implementing the extensive policies and procedures provided in the guidance template?**
- 4. Is a charity required to adopt all the recommended policies and procedures set out in the guidance template even if some are not applicable to the organisation's operations?**

It is not mandatory for charities to adopt the AML/CFT policies and procedures.

That said, charities are attractive conduits and can be at risk of abuse for TF and ML. Such abuse could take various forms, such as being used as a conduit for movement of illicit funds. Charities are more vulnerable to abuse if their governance practices and internal controls are weak.

As such, charities are encouraged to put in place appropriate mitigating measures to safeguard themselves against the risk of abuse for TF. In particular, charities that conduct activities outside Singapore, in jurisdictions listed in the FATF "Black and Grey" lists<sup>#</sup> and/or near conflict zones are strongly recommended to put in place documented AML/CFT policies and procedures, given the heightened risk of TF abuse.

The guidance template for AML/CFT policies and procedures is not meant to be a one-size-fits-all guide for all charities. As the context of each charity is unique and the risk exposure differs, charities should adapt the recommended AML/CFT policies and procedures in a risk-based manner, which commensurate with the assessed level of risk of TF abuse and in accordance with the context of their operations.

Apart from the guidance template, smaller charities can tap on ISCA's Charities AML/CFT Services Panel to help them tailor and adapt the policies and procedures according to their circumstances. Charities can access ISCA's [website](#) for more information on the initiative.

## Frequently Asked Questions

### Guidance Template -

## Anti-Money Laundering and Countering the Financing of Terrorism Policies and Procedures for Charities

Issued October 2024

*# Jurisdictions with strategic deficiencies in their AML/CFT regimes identified by the FATF, an intergovernmental organisation that sets international standards to combat money laundering, TF and other related threats to the integrity of the international financial system. The “Black and Grey” lists are reviewed periodically by FATF and is accessible via FATF’s [website](#).*

### 5. How does my charity assess the risk exposure of my organisation for abuse of TF?

Charities may refer to the Terrorist Financing Risk Mitigation Toolkit for Charities (“the Toolkit”) published by the Office of the COC, which include a step-by-step risk assessment framework, checklists and templates to guide charities in identifying and assessing the risks of TF abuse. A copy of the Toolkit is available via [Charity Portal](#).

With an understanding of the risks that they are exposed to, charities can then adapt the AML/CFT policies and procedures provided in the guidance template accordingly.

### Due diligence

### 6. Are charities expected to conduct due diligence checks on every donor before accepting donations?

### 7. How do charities conduct due diligence checks in the case of an anonymous donation?

### 8. How do charities conduct due diligence checks if donors’ information is available only after the receipt of the donations (e.g. donations made through online platforms)?

Due diligence checks should be conducted by charities as far as feasible, in a risk-based manner while respecting donor confidentiality.

Charities may wish to establish and document the relevant criteria, including setting a financial threshold and identifying the red flag indicators that will trigger due diligence checks to be conducted on donors, based on the context of the organisation’s operations.

Charities should still proceed to conduct due diligence after receipt of the donations, if there are concerns or red flag indicators tagged to the donations, or if the financial threshold is met.

With the launch of ISCA’s Charities AML/CFT Services Panel, charities can tap on this service to conduct their due diligence screenings and obtain ISCA member or firm’s assistance in the interpretation of screening results.

Charities should also remain vigilant and pay attention to red flag indicators which may be warning signs of unusual activities such as:

- Donation amounts that appear to be more than the usual amount that particular profile(s) of donor(s) would typically make.
- Donations made through third parties instead of the donor himself/herself without apparent legitimate purposes.
- Unusual request for refund of donations.
- Unusual requests from donors to redirect part of the donations to unknown third parties for purposes that may be incongruent with the charity’s charitable objects.
- Donations involving virtual assets, especially where the ownership of the virtual assets cannot be easily traced to the donor(s).

## Frequently Asked Questions

### Guidance Template -

## Anti-Money Laundering and Countering the Financing of Terrorism Policies and Procedures for Charities

Issued October 2024

### 9. What is the recommended financial threshold that would trigger the need for charities to conduct due diligence checks on donors?

Charities should conduct due diligence on donors when it receives large amounts of donations, especially if these are from an unknown donor or when there may be concerns about the donor's background or the source of funds. As the financial sizes and operations of charities differ, it is not possible to prescribe a financial threshold that can be applied to all charities.

The governing board of each charity should determine the financial threshold by considering these factors:

- Donation patterns – review past donations received to identify trends or outliers that could help charities in determining an appropriate threshold.
- Risk associated with specific donors – For example, where a donor is located in a jurisdiction with strategic deficiencies in its AML/CFT regime, a lower financial threshold may be indicated. A lower financial threshold may also be applied for a new and unfamiliar donor.

Charities may wish to review the financial threshold periodically to consider evolving risks and changes in its operations.

### 10. Are charities required to identify, verify and conduct due diligence checks on the agents, connected persons and beneficial owners of all stakeholders (partners, beneficiaries, vendors)? Charities have limited resources and capabilities to be able to conduct such extensive checks.

Having a good understanding of stakeholders, including their ownership structures can help charities ascertain their legitimacy. This can mitigate the risk of TF abuse by illicit stakeholders.

That said, due diligence checks should be conducted by charities in a risk-based manner.

Where the perceived or assessed risks associated with a stakeholder is assessed to be higher, enhanced due diligence checks should then be carried out. Examples of possible circumstances that may warrant enhanced due diligences can include:

- When a stakeholder is based in or carries out operations in a jurisdiction with strategic deficiencies in its AML/CFT regime or near conflict zones;
- Where there is adverse information or media associated with the stakeholders; and/or
- Detection of red flag indicators from basic due diligence checks.

### 11. What are the publicly accessible platforms and resources that charities can tap on to conduct due diligence checks?

Charities can leverage the following platforms and resources that are publicly accessible to conduct due diligence checks:

## Frequently Asked Questions

### Guidance Template -

## Anti-Money Laundering and Countering the Financing of Terrorism Policies and Procedures for Charities

Issued October 2024

### **Self-Help Resource**

- a) The United Nations designated individuals and entities and the list of persons and entities designated as terrorists by the Inter-Ministry Committee on Terrorist Designation (IMC-TD). Charities are also encouraged to subscribe to the MAS Mailing List and IMC-TD Mailing List for updates on the lists of designated individuals and entities;
- b) From time to time, government agencies or regulatory authorities (e.g., the Office of the COC, Monetary Authority of Singapore, Accounting and Corporate Regulatory Authority) may publish information on formal regulatory and enforcement actions taken for breaches of laws and regulations administered under their purviews; and
- c) Media release or official statements published on government websites.

### **Shared Service Resource**

Charities can tap on the ISCA's Charities AML/CFT Services Panel to conduct their due diligence screening and obtain ISCA member or firm's assistance in the interpretation of screening results.

### **12. Can charities accept donations from donors or proceed to establish working relationships with stakeholders if adverse but unverified information is noted from due diligence checks?**

The governing board should carefully consider the potential reputational and legal risks when deliberating and deciding on the next course of action.

In such circumstances, charities should take note of the following:

- 1) Charities are recommended to establish and document key evaluation criteria that would facilitate deliberation and decision-making process. Such deliberation and decision made by the governing board should be properly documented.
- 2) Should charities decide to accept the donations or establish working relationships with particular stakeholders in such circumstances, it is the responsibility of charities to put in place additional measures to safeguard their organisations and also be informed of any potential developments that would render the termination of working relationship necessary.
- 3) If the charity knows or have reasonable grounds to suspect that any property may be connected to a criminal activity, and/or receives information on property and financial transactions belonging to terrorist and acts of terrorism financing, it is required to file a STR to STRO.

Every person in Singapore and every Singapore Citizen outside Singapore are obligated to provide information on property and financial transactions belonging to terrorists and acts of terrorism financing to the Police. This legal obligation is set out in TSOFA.

Failure to file a STR and to provide information may constitute a criminal offence.

Charities and their employees are required to file STRs through SONAR. For more information regarding the filing of STR and SONAR, please refer to SPF's [website](#).

## Frequently Asked Questions

### Guidance Template -

## Anti-Money Laundering and Countering the Financing of Terrorism Policies and Procedures for Charities

Issued October 2024

### **13. Given that charities conduct transactions via regulated financial channels, can charities rely on the banks or financial institutions to ensure the legitimacy of the recipient?**

Charities are encouraged to conduct transactions via regulated financial channels, whenever feasible, to mitigate the risk of funds being re-diverted for illicit purposes during transit.

That said, charities remain accountable to their stakeholders such as donors to ensure that charitable funds are applied in furtherance of their charitable purposes and not be diverted for illicit purposes such as TF. As such, charities should conduct independent due diligence checks to ascertain the legitimacy and good standing of their stakeholders before transacting with them.

Charities should not rely on the due diligence checks conducted by banks and other financial institutions to fulfil this obligation. Financial institutions are required to conduct customer due diligence to comply with their sector's regulatory requirements and the scope of their due diligence may not be aligned with charities' operational needs.

### **Red flag indicators of suspicious transactions/activities**

### **14. What are examples of warning signs that charities should look out when establishing relationships with their stakeholders?**

### **15. What are the red flag indicators that charities should pay attention to in the course of their operations that could suggest occurrence of suspicious transactions or activities?**

Some of the red flag indicators that charities should pay attention to would include:

- Donation amounts that appear to be more than the usual amount that particular profile(s) of donor(s) would typically make.
- Transactions made are not in line with the known or expected operations of the charity.
- Donations made through third parties instead of the donor himself/herself without apparent legitimate purposes.
- Unusual request for refund of donations.
- Unusual requests from donors to redirect part of the donations to unknown third parties for purposes that may be incongruent with the charity's charitable objects.
- Donations involving virtual assets, especially where the ownership of the virtual assets cannot be easily traced to the donor(s).
- Use of funds is not consistent with the charity's purpose.

Charities should also refer to the list of the red flag indicators relevant to the NPO sector published in SPF's [website](#).

The above indicators are not exhaustive and the occurrence of one or more of these indicators may be warning signs of unusual activities that may be indicative of ML or TF, but it does not necessarily mean that it is indeed a suspicious activity. Further investigation should be carried out if any of these indicators are present.

If there are any findings or evidence that may give rise to suspicion, please file a STR with STRO.

## Frequently Asked Questions

### Guidance Template -

## Anti-Money Laundering and Countering the Financing of Terrorism Policies and Procedures for Charities

Issued October 2024

### Reporting of suspicious transactions

- 16. What should charities do when suspicious transactions and/or activities are identified?**  
**17. How do charities report suspicious transactions and/or activities identified in the course of operations?**  
**18. What is the difference between a STR and a Police Report? When should charities file a STR and a Police Report?**

If your charity knows or have reasonable grounds to suspect that any property may be connected to a criminal activity, you are required to file a STR to STRO. This reporting requirement is set out in the CDSA.

Every person in Singapore and every Singapore Citizen outside Singapore are obligated to provide information on property and financial transactions belonging to terrorist and acts of terrorism financing to the Police. This legal obligation is set out in the TSOFA.

Charities and their employees are required to file STRs via SONAR. For more information regarding the filing of STR and SONAR, please refer to SPF's [website](#).

Failure to file a STR and to provide information may constitute a criminal offence.

STRs are received by STRO and used as intelligence. If you are aware that a crime has been committed or the charity is a victim of a crime, please file a Police Report.

### Resources

- 19. If charities require assistance (technical and financial) in adapting the guidance template for the context of the organisation, what are the resources that charities can tap on?**

#### **Technical**

Charities can tap on the ISCA's Charities AML/CFT Services Panel to conduct their due diligence screening and obtain ISCA member or firm's assistance in the interpretation of screening results. The panel comprises three firms - Forbis Accounting Pte Ltd, InCorp Global and Unity Assurance Pte Ltd.

Charities can access ISCA's website at <https://isca.org.sg/about-us/difference-makers-in-the-community> for more information.

#### **Financial**

Charities can apply for grants under the Charities Capability Fund, which provide partial funding for those that wish to engage consultants to draft formal AML/CFT policies and procedures. This includes consultancy services<sup>1</sup> provided by ISCA's Charities AML/CFT Services Panel, and any other consultants.

More information regarding the Charities Capability Fund is available on [Charity Portal](#).

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<sup>1</sup> Charities will need to submit three quotations of comparable project scope for applications above \$6,000 as part of the application for Charities Capability Fund.

## Frequently Asked Questions

### Guidance Template -

## Anti-Money Laundering and Countering the Financing of Terrorism Policies and Procedures for Charities

Issued October 2024

**20. For the Charities AML/CFT Services Panel offered by ISCA, who will be responsible for conducting the screenings?**

**21. What happens if the charity receives a traced record from the screening?**

The screening will be conducted by ISCA members and firms on behalf of the charity, but the charity assumes the overall responsibility in the assessment of the screening results and deciding on the next course of actions.

In the event that a matched result is found, the charity can request for ISCA member or firm's assistance in the review of the matched results. Please note that the charity assumes the overall responsibility in the assessment of the screening results and deciding on the next course of actions.



## Frequently Asked Questions

### Guidance Template -

## Anti-Money Laundering and Countering the Financing of Terrorism Policies and Procedures for Charities

Issued October 2024

USEFUL AML/CFT RESOURCES	
<b>Guidance Template – AML/CFT policies and procedures for Charities</b>  <b>Terrorist Financing Risk Mitigation Toolkit for Charities</b>	<a href="https://www.charities.gov.sg/Pages/News-and-Notices/Newsroom/News/AML_CFT.aspx">https://www.charities.gov.sg/Pages/News-and-Notices/Newsroom/News/AML_CFT.aspx</a>
<b>Charities AML/CFT Services Panel offered by ISCA</b>	<a href="https://isca.org.sg/about-us/difference-makers-in-the-community">https://isca.org.sg/about-us/difference-makers-in-the-community</a>
<b>SONAR</b>	<a href="https://www.police.gov.sg/SONAR">https://www.police.gov.sg/SONAR</a>
<b>Red flag indicators relevant to NPOs</b>	<a href="https://go.gov.sg/redflagindicators">https://go.gov.sg/redflagindicators</a>
<b>United Nations designated individuals and entities, and the list of persons and entities designated as terrorists by the Inter-Ministry Committee on Terrorist Designation (IMC-TD)</b>	<a href="https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities">https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities</a>  To receive updates on the lists of designated individuals and entities, you may subscribe to the following mailing list: <ul style="list-style-type: none"><li>• IMC-TD Mailing List</li><li>• MAS Mailing List</li></ul>
<b>Financial Action Task Force</b>	<a href="https://www.fatf-gafi.org">https://www.fatf-gafi.org</a>  • FATF “Black and Grey” lists of jurisdictions: <a href="https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html">https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html</a>

### For further queries, please contact us at:

The Office Commissioner of Charities  
Ministry of Culture, Community and Youth

Email: [MCCY\\_charities@mccy.gov.sg](mailto:MCCY_charities@mccy.gov.sg)