# Council For International Development -_core - WHITE BACKGROUND

***Note:*** *A Control of Funds & Resources Policy should be tailored according to the organisation’s size and operations. This template can be changed according to organisational context. This template can assist with understanding some of the policy requirements for CID Code of Conduct mandatory obligation* ***B.2.3 Control of funds and resources****.*

**[Organisation]**

**Control of Funds & Resources Policy**

This policy will be reviewed triennially, and details recorded as below.

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| **Version** | **Date** | **Author/s** | **Approved by** | **Review Date** | **Comments** |
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1. **Purpose**

This policy is designed to protect *[ORGANISATION]* when working with third party organisations, particularly in the areas of funds and resource management. *[ORGANISATION]* acknowledges the importance of maintaining control over funds and resources that they receive and distribute, in accordance with New Zealand legislation.Any misconduct with the funds and resources could have long term impacts-both economic and reputational for *[ORGANISATION].* These impacts could have detrimental effects on *[ORGANISATION],* the sector and the developmental outcomes. Consequently, [ORGANISATION] has adopted control and risk management mechanisms to ensure all funds and resources are distributed lawfully and in accordance with [ORGANISATION]’s core strategy, mission and values. This policy should be read alongside and be consistent with the *[ORGANISATION]*’s Fundraising Policy (etc.)

1. **Scope**

This policy is intended to apply to all *[ORGANISATION]* activities. This policy is applicable to all *[ORGANISATION]* personnel. This policy also extends to *[ORGANISATION]* partners and associates.

1. **Roles and Responsibilities**

It is the responsibility of every staff member, intern, volunteer and contractor to ensure that *[ORGANISATION]* takesevery precaution to ensure that communication and collaboration with any third party meets New Zealand legal obligations and fulfils the purpose and promise of the donors.

1. **Definitions**

**Funds** means any pecuniary resource.

**Resources** includes any object, information, or otherwise that can be transferred from one party to another.

**Third Party** includes any organisation, business or group that the signatory organisation is supplying any funds or resources to.

1. **Consistency with donor promise**

*[ORGANISATION]* acknowledges the generosity of donors and the responsibility to use donations in accordance with promises made to donors. To this end, *[ORGANISATION]* will:

* Have the capacity to track donor funds that have been raised for particular purposes;
* Be able to demonstrate that they have been applied to the promised purposes;
* Have the ability to adapt projects to reflect changing needs and emerging good practice so that funds are maximised;
* Pay careful attention to making realistic fundraising promises as well as to tracking funds and resources.

1. **Third Parties**

*[ORGANISATION]* commits to conducting appropriate due diligence on any third party to whom we will disburse funds or resources for aid and development work.

This due diligence should be appropriate to the scale of the funds or resources involved and to the risk. At a minimum, it will include checking:

* that the third party is appropriately registered;
* the type of programme or work the third party conducts;
* its ability to comply with relevant laws;
* the track record of the third party; and
* the third party’s standing in the Sector.

*[ORGANISATION]* will only establish and maintain a relationship with the third party if it is sure that the organisation passes the risk assessment and is consistent with both the purposes of *[ORGANISATION]* and New Zealand law. A particular risk is that an organisation may be exploited as a conduit for third parties to ‘channel’ funds in order to obtain a tax deduction. *[ORGANISATION]* will not let funds be ‘channelled’ through our organisation to give a third party a tax deduction unless the third party’s intentions are consistent with the organisation’s purpose and objectives, and it complies with relevant New Zealand legislation.

During the tenure of partnership with the third party organisation, *[ORGANISATION]* will ensure they are able to:

* **Monitor and evaluate** the third party’s progress with the agreed development activity. This may include financial reports, progress reports, and/or evaluation reports.
* **Have influence on** the development activity through participation in its strategic direction or programme design, through approvals of plans or budgets and through evaluation and review.
* **Have the ability to withdraw** funding or initiate corrective action where an agreed development activity is no longer performing satisfactorily or meeting the agreed objectives.
* **Refer to governance** and should ensure that those arrangements clearly set out the roles and responsibilities of the parties (including affiliates, partners and the *[ORGANISATION]*).

1. **Legislative Requirements**

New Zealand law requires that funds raised for charitable purposes must remain under the control of the organisation until they are disbursed or used for that charitable purpose. *[ORGANISATION]* is not absolved of its responsibility by passing the funds or resources to a third party for implementation. In order to be satisfied that the third party will apply the funds or resources in compliance with the relevant legal obligations, *[ORGANISATION]* will ensure that this requirement is expressly outlined in contracts, written agreements or procedures.

As a minimum, this expression will include reference to:

* the appropriate principles of the CID Code;
* the specific New Zealand law that is known to apply; and
* a general provision to other relevant law in both New Zealand and other jurisdictions.

*[ORGANISATION]* will seek assurance that the third party organisations have adequate regulatory and legal compliance knowledge and systems – appropriate to their circumstances. *[ORGANISATION]* will ensure that we do not inadvertently or otherwise have any form of relationship with the organisations and persons on the New Zealand Police list on their [website](http://www.police.govt.nz/advice/personal-community/counterterrorism/designated-entities). [ORGANISATION] will also take every reasonable effort and precaution to not provide funds or resources to terrorist organisations or individuals affiliated with them.

1. **Controls and Risk Assessment**

An initial risk assessment should dictate the appropriate (or proportionate) level of control and risk management required to mitigate the risk of misappropriation or improper use of funds/resources. *[ORGANISATION]* may consider matters such as:

* the amounts of funding or resources involved;
* the particular circumstances of the development activity (e.g. geographical location, and the legal, political, social and economic context);
* the extent to which the development activity is innovative or proven;
* use of formal or registered financial channels for transferring funds; and
* maintenance of full programme budgets.

Contracts will have specific clauses detailing the proposed use of funds and budgets and include provisions dealing with:

* how much funding or resources will be provided (and whether in tranches);
* the timing and method of disbursements;
* application of interest and/or exchange rate movements;
* reimbursement if funds or resources are applied other than to the agreed activity
* return of surplus funds.