

# MEETING NOTES

Operating overseas: risks, realities and opportunities forum

## Event details

Title	ACNC Operating overseas: risks, realities and opportunities forum				
Issue date	25/03/2026				
Location / format	Online				
Event date	19/03/2026	Start time	11:00am	Finish time	1:15pm

## Attendance

Chair	Cate Bennett, Assistant Commissioner, General Counsel	Secretariat	Rachel Smith
Contact email	<a href="mailto:communications@acnc.gov.au">communications@acnc.gov.au</a>		
Participants	Participants included representatives from: <ul style="list-style-type: none"> <li>• Registered charities</li> <li>• ACNC</li> <li>• Australian Federal Police</li> <li>• Department of Home Affairs</li> <li>• AUSTRAC</li> <li>• Australian Council for International Development (ACFID)</li> <li>• Department of Foreign Affairs and Trade</li> <li>• Governance Institute of Australia</li> <li>• Queensland University of Technology</li> </ul>		

## Meeting notes

### Topic #1: Opening words and purpose for the day

The Commissioner welcomed attendees and reflected on:

- the size and contribution of non-government NPOs (Non-Profit Organisations)
- challenges for charities working overseas in the context of increased risk resulting from global conflicts
- how charities may be strengthening their governance arrangements in response to risk

She also expressed her anticipation the conversations would help the ACNC better understand the challenges facing charities working overseas, enabling the ACNC to enhance support this part of the charitable sector.

### Topic 2: Introduction to the Financial Action Task Force (FATF)

#### What is it and how do not-for-profits (NFPs) fit in

ACNC Director of Registration provided an overview of FATF:

- FATF is an independent inter-governmental body first created in 1989 by the G7 with the simple idea that criminals (engaging in money laundering) don't respect international borders, and the aim of the FATF was to create a response (to this matter) that would drive international cooperation against money laundering. In 2012, FATF's mandate expanded to include stopping the financing of the proliferation of weapons of mass destruction.
- 40 member jurisdictions and more than 200 countries and jurisdictions have committed to implement FATF's Standards as part of a coordinated global response to organised crime, corruption, and terrorism.
- FATF has 40 recommendations it asks countries to implement. Together the recommendations represent a global plan for reducing the risks of money laundering, terrorism financing, and proliferation financing.
- Recommendation 8 focuses particularly on not-for-profits – it uses the term “Non-Profit Organisations (NPOs)” which includes charitable and non-charitable not-for-profits or fundraising entities.

- NPOs may be at risk of abuse by terrorists for a variety of reasons:
  - NPOs enjoy public trust, so can often be subject to less scrutiny than other organisations.
  - NPOs can raise funds, and get access to resources, and in some contexts can be cash-intensive.
  - Some NPOs have a global presence that provides a framework for national and international operations and financial transactions, which may be within or near those areas that are most exposed to terrorist activity.
- Terrorist organisations have been found to exploit some NPOs, taking advantage or infiltrating NPOs and misusing funds and operations to cover for, or support, terrorist activity:
  - to raise and move funds
  - provide logistical support
  - encourage terrorist recruitment, or
  - support terrorist organisations and operations.
- This terrorist activity jeopardises the sector and undermines the confidence of donors and financial institutions.
- Recommendation 8 aims to prevent abuse, including terrorists posing as NPOs, and using real NPOs as conduits, or diverting funds meant for legitimate purposes. Countries are asked to:
  1. identify which organisations fall within the FATF definition of an NPO
  2. assess terrorist financing risks, and
  3. apply focused, proportionate, and risk-based measureswithout unduly disrupting or discouraging legitimate NPO activities.
- FATF advises countries should protect NPOs from terrorist financing abuse by applying focused, proportionate, and risk-based measures. These measures are to be strong enough to manage genuine risks, but not so heavy-handed that they disrupt legitimate charitable work.
- Australia will be subject to a FATFs assessment later this year for our effectiveness against their 40 recommendations. In the last review back in 2018, Australia was rated partially compliant for Recommendation 8 and we are hoping to improve on that rating this year.
- The ACNC aims to better understand the nature of the risks in the sector, to help us ensure we are providing appropriate support to help charities protect against misuse by terrorists without impeding delivery of charitable purposes.

## Topic #3: ACNC consultation findings summary

### Survey on charity banking findings, self-audits and reviews

The Assistant Commissioner – General Counsel and Regulatory Services shared insights gained from:

- a survey of 254 charities on banking experiences. Key challenges reported included:
  - operational barriers
  - account access issues (opening/suspension/closure)
  - customer service and documentation issues
  - know your customer challenges
  - international transfer delays.
- reviews of 34 charities operating overseas. The key themes included:
  - heavy reliance on trust-based partner relationships
  - some money transfers occurred via personal accounts or higher-risk channels
  - mixed awareness of terrorism financing risks.
- self-audits completed by 247 charities operating overseas. The key themes included:
  - high-risk operating environments require proportionate controls
  - most use electronic funds transfer (EFT), but cash/information channels are still in use
  - gaps in risk identification (many didn't identify terrorism financing risks)
  - 58% had written agreements with their overseas partners
  - policies exist but vary in depth
  - strong record-keeping across the sector.

## Breakout session #1

### Barriers and challenges for charity banking

*Banking risk and issues that affect day-to-day operations:*

- Some small volunteer-run charities cannot use official banking systems. Banks will not support them to send money overseas to some locations.
- For bank transfers to some countries, payments can bounce, then it can be a four-week tracing process, which costs money. Trying to send money through alternative channels can be expensive, stressful, time consuming.
- Some charities use alternative channels – remittance. It is challenging having to send money through personal accounts and being challenged for their purpose – i.e. money laundering.
- Charities can be pushed by the banking challenges into alternative payment services, which can be a difficult situation and something that sits at the edge of the governance/risk management spectrum – charities don't do this by choice, but by necessity.
- For a small charity working in multiple countries, transferring funds is a big issue. It's not practical to have accounts in all these countries.
- Some banks will not do bank-to-bank transfers in some countries. There is no international consistency. Other countries will do transfers to the same locations; Australian banks won't.
- Money transfers being actioned then funds returned without notification to charity.

### Working with partners

*Risks and issues affecting day-to-day operations when working overseas with partners:*

- It can be difficult to get to know/assess partners quickly. This can impact a charity's ability to carry out partner checks as resources outside Australia may not be available.
- A common day-to-day challenge is organisational capacity.
- Timely reporting. For example, some overseas partners are operating in the context of political instability, and this can impact their ability to report on time.
- A challenge for smaller charities is that there is often no overarching body to provide oversight or due diligence (of a proposed partner).

*How charities balance trusting known partners and ensuring appropriate structures due diligence is in place:*

- It's much easier to trust partners when there are existing systems and reporting in place across multiple levels, and not just in Australia itself.
- Undertaking on-ground site visits where work is being delivered. When this isn't possible trusted people within local networks who are on the ground provide templates of expected outcomes and impacts.
- Assurances can include annual reviews, annual partner capability assessments, MOU's that set out governance expectations, and capacity strengthening plans.
- Conducting rigorous reviews of partners every 3 – 5 years and treating the partnership as if it was new, using evidence-based approaches, and community feedback channels.
- Use a combination of techniques and tools across the whole project cycle – from working with partners to making sure they understand the project, to walking them through their obligations and risk management responsibilities.
- Other tools include improving contract templates so they're risk-informed, working with local officers on the ground, risk-monitoring throughout the project, working with partners to provide workshops and webinars, conducting in-person trainings, arranging international finance officers to visit programs, and ensuring documents are 'living' – so they are regularly reviewed and updated.
- It's helpful to work with partners to design projects from the beginning. It builds buy-in from partner organisations at the start of a project.
- Getting to know the character of a person is the most important thing when working with partners.
- Engaging in regular contact with partners via Zoom is helpful to the relationship-building process. Frequent communication makes it easier to monitor when a partner is not delivering, and the subsequent dissolution of the relationship.
- Partner reviews are done every 6 to 12 months, and that's a challenge if things aren't working well as it can feel like a long time between reviews. Transitions from when things are working well with partners, to when things are not great, can be difficult.
- Cross-cultural issues and differing cultural values can result in a clash (e.g. what's important regulation in an Australian context can be irrelevant in another cultural context).

*Areas where additional guidance/advice would assist you to meet your reporting or compliance obligations:*

- Development of templates that are suitable for small organisations.
- Additional practical examples of reporting and compliance requirements added to guidance.

## Breakout session #2

### Financial management

*Risks and issues are affecting day-to-day operations in relation to financial management for work overseas:*

- Issue is getting money raised in Australia to other countries due to Australian banking restrictions. Some charities use money transfer services due to issues with Australian banks.
- The financial services sector doesn't understand the complexity of the charity sector.
- Charities that use the money transfer systems to send funds overseas would prefer to use the regular banking system.
- There's a misconception around the importance of indirect cost recovery (e.g. administrative costs). There needs to be advocacy done for partners overseas to spend money on compliance.
- Using remittance service providers are legitimate financial services as long as they are registered with AUSTRAC [Remittance Sector Register](#).
- Given the interest in using money transfer services, charities want to learn what fees are associated with using this type of service.
- Monitoring projects and the 'end-use' of funds to confirm they reached the intended beneficiaries and were not diverted.
- Having a good trust-based relationship with partner organisations is important. This involves frequent communication, and good record-keeping (e.g. on-ground partners sent charity receipts, frequent reports, budgets, etc).
- Publishing annual and financial reports.
- Visit partner organisations each year.
- Some partners send photographs to report back to show how funds are being spent.
- Good practice is when a charity understands what it's required to do according to its size. Knowing your obligations. Making sure board members know their obligations and have the right skills to fulfil important duties.
- Incorporating as an organisation is useful as it provides solid guarantees that funds are audited and reports are prepared.
- Incorporating a charity in the country where activities are carried out provides additional oversight because it requires submission of financial reports.
- A caution to charities to be mindful of photographs being sent from partners on the ground as a means of validating how funds are being used. These are not always true photographs and can be staged.

- Financial management should happen at both a project level and partner level – e.g. transaction listings for projects, annual audits for organisations, management letter reports and audits of partners should be focused more on the organisation than the project. Constantly auditing at the program level is an administrative burden.
- On-ground visits should be risk-based, and there should be a continued focus on financial compliance training for relevant people.

*Areas where additional guidance/advice would assist you to meet your reporting or compliance obligations:*

- Investigate mechanisms for the ACNC to authenticate a charity to financial institutions to make engagement with banks easier.
- Financial services sector education to raise awareness of issues charities experience with banks.

## Working in high-risk locations

*Assessing risks: political, social, and economic risks of the specific region where you operate:*

- Work with a trusted advisor and trusted partners, receiving advice from them ‘on the ground’ about safety and risks. A big issue is access to travel insurance. It is difficult to get in some locations and increases risks of operations.
- Political and religious events – being mindful of the nature of political changes or events, and or religious events. Being abreast of news is important so that charities can make proactive decisions. News can inform them of things that are happening on the ground.
- It’s important to be nimble and aware of the wider context for example, things that other authorities are saying.
- Charities need to have really good local partners and be willing to take their advice and talk with them.
- Its important charities have a board that understands the operating environment(s). Some boards include locals from overseas areas of operation and gain a greater understanding. If other charity boards do not, they may not understand these risks. Trusted local partners that provide information and guidance are vital.
- It is a game changer having people with a background in overseas areas (trusted locals) who understand the environment. They bring connections and understanding to the team.
- If a charity operates in a high-risk location, it is a good idea to table this for discussion at a board meeting.
- Work with partners to undertake research for example, to identify risks. It can help charities know if they need additional security on ground or other measures.
- Needs to be awareness that while a charity might be okay getting its people out of a country if there are issues, local partners might then be left in jeopardy if they can’t be extracted.
- The charity board needs to be happy to be informed of detail and to discuss issues in board meetings. Boards need to be kept in the loop.

*Risks and issues affecting day-to-day operations when working in high-risk locations:*

- Don't run programs in countries where elections are being held in the forward 2-3 months due to potential for political violence.
- Political risk – discussion around overseas governments or authorities that are worried about influence of international NPOs.
- An NPO or charity operation might be in an area at the whim of a provincial authority, and a program that has been running very well may not run well if this authority changes things. When this happens, it can cost a lot in terms of time and money to launch communication to try and inform the authorities.
- There can be a mismatch between dealing with rules and documentation and governments or authorities that are reluctant to put things down in writing.

*Areas where additional guidance/advice would assist meeting reporting or compliance obligations:*

- Practical examples from a reporting perspective. Practical examples can enlighten charities about what they might be walking into because it helps them to learn.
- A resource that charities can perhaps use for real live updates in high-risk volatile countries is [www.smartraveller.gov.au](http://www.smartraveller.gov.au) - Department of Foreign Affairs and Trade (DFAT) resources are recommended.
- ACNC website – guidance should be practical, with practical advice and templates that charities can use (particularly small charities). The environment that these types of small charities deal with can be very challenging and there is a need for practical advice that suits their work.
- High risk contexts – what would be helpful from ACNC is guidance that makes it clear when we have done enough to meet External Conduct Standards (ECS). There is guidance but a lot of it is open to interpretation. Also, information on what is deemed to be 'enough' depending on the work of the charity and the situation.
- Guidance on sanctions permits from DFAT (DFAT have a Sanctions Compliance Toolkit).
- Alignment of ACNC standards and Australian Council for International Development (ACFID) code is good.