

NTUC-U Care Fund

Advisory on Anti-Money Laundering and Countering the Financing of Terrorism

- 1.1** This advisory is intended to set out Anti-Money Laundering (“AML”) and Countering the Financing of Terrorism (“CFT”) guidelines and responsibilities of NTUC-U Care Fund (“**Fund**”) and its Board of Trustees and the Care & Share department of NTUC-ARU.
- 1.2** Money laundering is the process by which proceeds from a criminal activity are disguised to conceal their illicit origins, such as drug-trafficking or other criminal activities to make it appear legitimate.¹ Terrorist financing is defined as financial support, in any form of terrorism or of those who encourage, plan or engage in terrorism.²
- 1.3** This advisory is aimed to set out in brief the general responsibilities of the Fund observing, complying with and upholding policies on AML and CTF as stipulated in the following resources:
- (a) The Code of Governance issued by the Charity Council; and
 - (b) The Terrorist Risk Financing Risk Mitigation Toolkit for Charities by the Ministry of Culture, Community and Youth and KPMG (“**the Toolkit**”).
- 1.4** This advisory may be amended from time to time to reflect updates to the laws and regulations on which it is based.
- 1.5** There are five (5) main areas to take note for matters relating to AML and CFT extracted from the Toolkit³:
- (a) Identify risk indicators that are applicable to the Fund;
 - (b) Assess and risk score the indicators from the lowest to the highest end of the spectrum;
 - (c) Communicate and manage the risk scores to the Board of Trustees of the Fund and establish action plans, if required;
 - (d) Monitor the said action plans; and
 - (e) Report the information with the Board of Trustees regarding outcomes derived from managing identified risks by risk owners.
- 1.6** A checklist of questions is set out below for the Fund to take cognisance for the purposes of observing, complying with and upholding policies on AML and CTF as follows⁴:

S/N	Questions for the Fund to Consider	Remarks
1	What are the potential risks of abuse facing the Fund?	The Fund is aware of the nature of risks which we are exposed to, based on how and where our activities are carried out and adopt a risk-based approach towards mitigating these risks. The extent of due diligence

¹ Taken from “Protecting Your Charity Against Money Laundering and Terrorist Financing” prepared by the Office of the Commissioner of Charities, May 2015 (“**the COC Guide**”), p 4.

² Taken from the COC Guide, p 4.

³ Taken from the Toolkit, p 9.

⁴ Taken from “How Charities can Safeguard against Terrorist Financing” prepared by the Commissioner of Charities, September 2023, : [https://www.charities.gov.sg/PublishingImages/Resource-and-Training/Guides-Templates-Awards/Guides/Documents/Safeguard%20charities%20against%20terrorist%20financing%20-%20COC%27s%207%20questions%20\(Sept%202020\).pdf](https://www.charities.gov.sg/PublishingImages/Resource-and-Training/Guides-Templates-Awards/Guides/Documents/Safeguard%20charities%20against%20terrorist%20financing%20-%20COC%27s%207%20questions%20(Sept%202020).pdf).

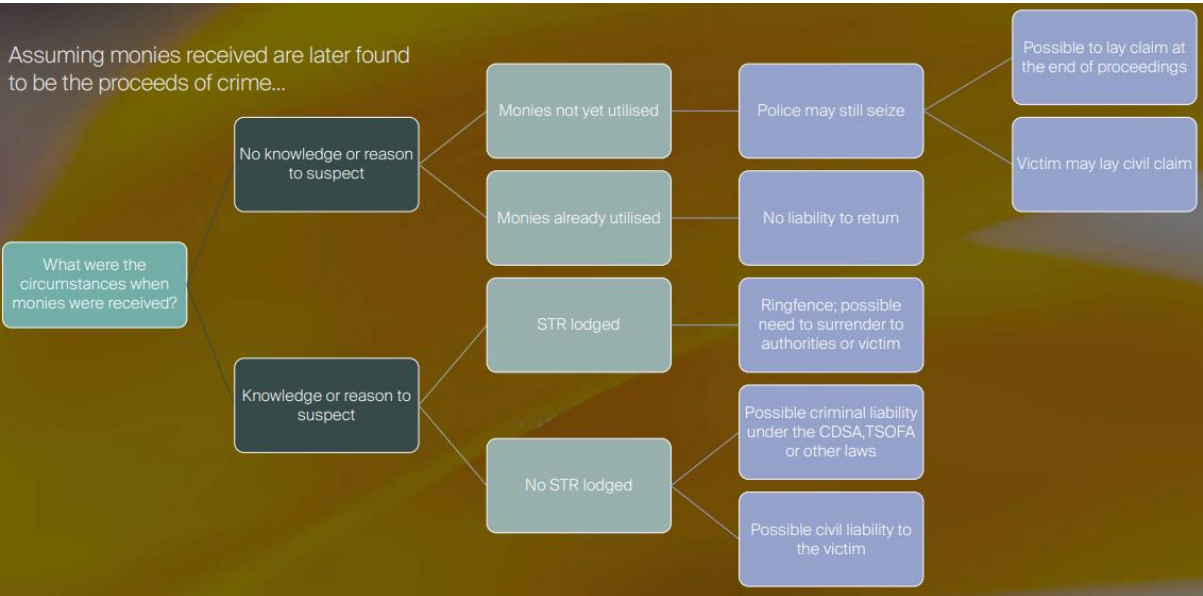
		checks will correspond with the level of risks assessed.
2	Is the Fund aware of the source of incoming funds and donations? Are there known and unknown donors? Does the Fund conduct due diligence to screen its donors?	<p>The Fund will make best efforts to ascertain the legitimacy of the source of funds, especially when the organisation receives a substantial amount of donations from unknown donors.</p> <p>The Fund will be alerted on corporate donations made using a personal account or donor makes large contributions which do not seem to commensurate with the donor's known background or income. The above are relevant in the context of money-laundering donors channelling illicit funds into charities.</p> <p>The Fund will conduct checks on individual and corporate donations exceeding \$100 and \$10,000 respectively.</p>
3	Does the Fund know the background and affiliations of the Fund's Board of Trustees, the employees of the Care and Share department, fund-raisers, volunteers and partners?	The Fund is aware of the individuals who assess and oversee the operations and decision-making behind the Fund.
4	Who are the Fund's beneficiaries?	The Fund will identify and verify the identities of the beneficiaries and establish clear selection criteria in a written policy / document.
5	Does the Fund have internal control systems with documented procedures for key processes, such as procurement and payment, revenue and receipts, and a system to ensure proper delegation of authority and appropriate limits of approval?	The Fund have in place good financial management and had maintained robust internal processes of transparency and accountability to better safeguarded against all types of abuse.
6	Is the Fund aware of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992 and the Terrorism (Suppression of Financing) Act 2002 and how to lodge a suspicious transaction report (STR), if necessary?	The Fund will lodge a suspicious transaction report if there is a reasonable suspicion of money laundering or terrorism financing activity during the course of the Fund's administration or operations.

1.7 This advisory is intended for the Fund to remain cognisant and keep vigilant to ensure that it does not become an easy conduit / channel for illicit funds from terrorists and money launderers anywhere. The Fund and the Care & Share Department are advised to bear in mind the abovementioned checklist and issues and review the present controls and systems to better the same. The Fund and the Care & Share Department must

review Charities portal and the resources below from time to time and be mindful of any amendments to such rules and regulations and review them accordingly.

1.8 All donations to the Fund are jointly managed by NTUC Finance and Care & Share Department. To ensure that the Fund is not being used for money laundering, donation amounting to \$100 and above (for individual donors) and \$10,000 and above (for corporate donations and does not come from known Labour Movement entities i.e. Unions, Associations affiliated to NTUC, unionised companies, NTUC Social Enterprises) will be subjected to additional checks by Finance against the [List of Designated Individuals and Entities maintained on MAS website](#).

1.9 In the event donations received are found to be proceeds of crime, Finance will inform Care & Share Department, who will then consult the Board on the actions to be taken, based on the below workflow.



Source: [Charities Lean Forward - Strengthen Your Charities Against Money Laundering and Terrorist Financing Webinar Slides \(LIVE\)](#)

References and Resources

1. Code of Governance for Charities and Institutions of a Public Character issued by the Charity Council, dated April 2023
2. Protecting Your Charity: Against Money Laundering and Terrorist Financing prepared by the Office of the Commissioner of Charities, dated May 2015
3. Terrorist Risk Financing Risk Mitigation Toolkit for Charities by the Ministry of Culture, Community and Youth and KPMG.
4. How Charities Can Safeguard Against Terrorist Financing: 7 Fundamental Questions to Consider.