



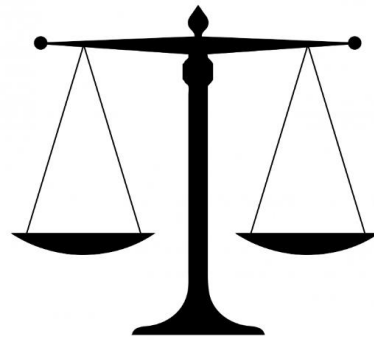
Partner Housing Australasia (Building) Incorporated
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Web: www.partnerhousing.org
Pro-bono professional services and funding for South Pacific
village infrastructure, housing, water, sanitation and training.



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Partner Housing is a signatory to the ACFID Code of Conduct, which is a voluntary, self-regulatory sector code of good practice. As a signatory we are committed and fully adhere to the ACFID Code of Conduct, conducting our work with transparency, accountability and integrity.

Financial Risk Management Policies and Procedures



Declaration – These policies and procedures have been approved by the Partner Housing Australasia (Building) Incorporated Annual General Meeting of 4 December 2023. They set out the means of complying with the “Constitution & Code of Conduct”, and the requirements of the Australian Department of Foreign Affairs and Trade (DFAT) and the Australian Council for International Development (ACFID).

Signed

Rod Johnston, President, Partner Housing Australasia (Building) Incorporated

Adoption of Document Revisions

Reference	Revision	Date of Adoption	Principal Amendments
P23040355	1	3 April 2023	Revision to align with Vision, Mission, Values & DFAT requirements
P24010155	1	1 January 2024	General review and update

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Vision

Partner Housing Australasia is an entirely voluntary organisation, which aims to transform the lives of people living in Asia-Pacific villages by improving the cyclone, earthquake, and tsunami resistance of their houses, clinics, schools, and community buildings; and by providing clean water supplies and hygienic sanitation.

Commitment

Consistent with the vision, Partner Housing Australasia is committed to sound practices to reduce financial risk to the organisation and to its programs.

Code of Conduct

Partner Housing Australasia is a signatory to the ACFID Code of Conduct, which is a voluntary, self-regulatory sector code of good practice. As a signatory, we are committed and fully adhere to the ACFID Code of Conduct, conducting our work with transparency, accountability, and integrity. The following policies and procedures have been developed to reflect the vision statement, and to simultaneously ensure consistency with the ACFID Code of Conduct.

Scope

These Policies and Procedures apply to Partner Housing Australasia, its Partner Organisations, Representatives, and any guests who might accompany these people to the locations where the programs are implemented. The “Policy” expands the organisation’s vision, mission, and values; together with satisfying the DFAT and ACFID requirements, and the “Procedures” set out the means of implementing policy. An associated “Training” document provides additional material and background, and “Compliance and Audit Record” documents provide the relevant records of compliance and verification.

Definitions

A comprehensive set of definitions is set out in “Constitution & Code of Conduct”. Definitions specific to this policy are set out below.

Partner Organisations are those bodies working with Partner Housing Australasia to implement the programs. For purposes of this document, they include (but are not limited to) Vision for Homes [PNG] and South Ranongga Community Association [SRCA]).

Representatives is the term used to describe collectively the Board Directors, Managers, Volunteers, Staff (if so engaged), Contractors and Consultants who administer the programs and projects.

Volunteer means a person who carries out executive, management, administrative, operations, design, project management and/or similar functions (whether executed in Australia or overseas) on a pro bono basis, under the direction of the Chief Executive Officer (on behalf of the Board). A Volunteer may also be a Member or a Director. Partner Housing Australasia is an entirely voluntary organisation. Volunteer does not include “Contractors” or “Consultants”, who provide goods or services on a pro bono or commercial basis, or people who provide minor assistance on a casual and infrequent basis.

Consequence is the outcome of an event affecting objectives. A consequence can be certain or uncertain and can have positive or negative direct or indirect effects on objectives. Consequences can be expressed qualitatively or quantitatively. Any consequence can escalate through cascading and cumulative effects. Consequence is the outcome of an event or situation expressed qualitatively or quantitatively, being loss, injury, disadvantage, or gain.

Event is an occurrence or change of a particular set of circumstances. An event can have one or more occurrences, and can have several causes and several consequences. An event can also be something that is expected which does not happen, or something that is not expected which does happen. An event can be a risk source.

Control is a measure that maintains and/or modifies risk. Controls include, but are not limited to, any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk. Controls may not always exert the intended or assumed modifying effect.

Fiduciary risk ... is the risk that funds are not used for the intended purposes; do not achieve value for money; and/or are not properly accounted for. The realisation of fiduciary risk can be due to a variety of factors, including lack of capacity, competency or knowledge; bureaucratic inefficiency; and/or active corruption. <https://daisi.com.au/fiduciary-assessment-of-implementing-partners/>

Likelihood is chance of something happening. In risk management terminology, the word “likelihood” is used to refer to the chance of something happening, whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically (such as a probability or a frequency over a given time period). The English term “likelihood” does not have a direct equivalent in some languages; instead, the equivalent of the term “probability” is often used. However, in English, “probability” is often narrowly interpreted as a mathematical term. Therefore, in risk management terminology, “likelihood” is used with the intent that it should have the same broad interpretation as the term “probability” has in many languages other than English. For purposes of this policy. “Likelihood” is a qualitative description of probability and frequency. It is a means of ranking the probabilities of occurrence, but is not an

indication of the actual probability of failure. For example, 2 out of 5 is not a 40% probability of occurrence. Rather, it is simply a statement the 2 out of 5 is twice as likely than 1 out of 5.

Risk is the effect of uncertainty on objectives. An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats. Objectives can have different aspects and categories, and can be applied at different levels. Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood.

Risk Assessment is the process used to determine risk management priorities by evaluating and comparing the level of risk against predetermined standards, target risk levels or other criteria. For purpose of this policy, Risk Assessment is carried out in accordance with the principles set on in AS/NZS 4360 Appendix D, suitably modified to provide meaningful information suited for use in the context of Partner Housing Australasia activities. The higher values of "Risk Rating" indicate that priority is given to mitigating these considerations

Risk Analysis is a systematic use of available information to determine how often specified events may occur and the magnitude of their likely consequence. For purposes of this policy, Risk Analysis, and associated terms (including those listed herein) are as defined in ISO 31000 and AS/NZS 4360.

Risk management is the coordinated activities to direct and control an organization with regard to risk.

In particular –

- Activity level risk management deals with managing risk generated as a result of executing programs and projects, and includes consideration of the Code of Conduct issues (including child protection); and
- Organisational level risk management deals with managing risk to the organisation as a whole, generated as a result of all operations, including staff safety and security, safeguarding, incident management, staff integrity, high risk contexts, financial viability, reputation governance, and Code of Conduct issues (including child protection).

Risk source is an element which alone or in combination has the potential to give rise to risk.

Monitoring is the systematic observation over a nominated period of time of the performance of programs, and reporting against predetermined criteria.

Evaluation is the determination of whether the reported performance of programs meets the expectations for the program, as defined by predetermined criteria.

Policy ¹

E3.1 Financial risk assessment

Partner Housing Australasia shall prepare and review an annual assessment of the risks to the financial viability of the organisation, and shall formulate and adopt appropriate financial risk mitigation strategies. These risk assessments and mitigation strategies shall take into consideration sources of funding, expected costs and the principal programs undertaken, or proposed to be undertaken, by the Organisation.

E3.2 Financial reports and financial risk reports

Partner Housing Australasia shall provide financial reports to the Board at each quarterly Board Meeting and financial risk reports to each February Board Meeting.

The Audit & Risk Committee (a sub-committee of the Board) shall investigate and report its findings to each April Board Meeting.

Partner Housing Australasia shall employ an ISO9001-based system for reporting and escalating financial risk that is deemed by the Management or Board to be outside the levels adopted in the most recent risk assessments.

E3.3 Financial risk of implementing Partner Organisations

Partner Housing Australasia shall prepare an annual risk assessment of the financial risks associated with the activities of the implementing Partner Organisations. This shall be carried out in the context of the annual risk assessment of the financial viability of the organisation.

E3.4 Documented funding agreements with implementing Partner Organisations

Partner Housing Australasia shall ensure that, for each program, there is an appropriate 5-year MoU signed by all parties, including models for the funding and financial management of the programs, the constitution of the implementing Partner Organisations, the shared code of conduct, key policies, and other details necessary for the implementing of the programs.

E3.5 Foreign currency exchange and rate movement exposure

Partner Housing Australasia shall limit its exposure to financial losses due to movements in foreign exchange rates. This shall be achieved through a strategy based on defining funding commitments in Australian currency, accepting donations only in Australian currency, holding donations on deposit in Australian currency in Australian interest-bearing bank accounts until required, and ensuring that international transfers minimise the number of intermediate currency conversions.

¹ Refer also to Policy No. P23040354-1 Partner Financial Risk Management Policies & Procedures for consideration of the risks originating from the activities of the implementing Partner Organisations.

Responsible Personnel

The person with overall responsibility for implementing this policy is the Chief Executive Officer (CEO), with delegated responsibility to –

- the Regional Managers for program management; and
- the Finance Manager for financial management.

Procedures

Review of these Policies and Procedures

The policies and procedures set out in this “Policies and Procedures” document shall be reviewed at each Annual General Meeting, as part of the scheduled general policy review.

Risk Analysis

The CEO shall implement the following:

- Prepare an annual Financial Risk Analysis², examining the financial risk derived from the principal activities and programs (undertaken or proposed to be undertaken). The considerations should consider sources of funding, expected costs and the principal programs (including the activities of Partner Organisations – See below).
- Assess and prioritize the risk associated with each program and its component projects, and determine the appropriate mitigation actions.
- Record the Risk Analyses in the Strategic Plans appropriate to each program.
- Summarize the Risk Analyses and the mitigations in a Risk Register.

Financial reports and financial risk reports

The CEO (in consultation with the Finance Manager and Regional Managers) shall –

- a) Provide financial reports to the Board at each quarterly Board Meeting.
- b) Provide financial risk reports to each February Board Meeting.
- c) Commission the Audit & Risk Committee (a sub-committee of the Board) to investigate and report its findings to each April Board Meeting. The review shall cover the Board’s effectiveness in meeting its obligations in governance, financial management, financial auditing, risk assessment, compliance with the key policies, nonconformance reporting, corrective action, and remedial action.
- d) If the financial risk is deemed to be outside the levels adopted in the most recent risk assessments, use the ISO 9001-based system for reporting and escalating.
- e) During the preparation of each annual budget and 10-Year Financial Plan, consider the quantum of any donation during the previous period, to the likelihood of repeat donations, and to the financial acquittals of the transferred amounts.

² Document P23040354-1 Partner Financial Risk Management Policies & Procedures sets out the details for assessing and mitigating risk presented by financial partners.

- f) Submit financial statements consisting of a detailed Income statement, a balance sheet, a listing of all payments made from the main bank account and each project bank account, to each quarterly Board Meeting.
- g) Ensure that –
 - All major grants to implementing Partner Organisations are made from reserves. The amounts are approved in advance at an AGM in the 10-Year Financial Plan. Their transfers to the implementing Partner Organisations are reported to the next quarterly Board Meeting and to the next AGM. In these cases, financial acquittals are required and provided.
 - When major negotiated donations or grants are given to Partner Housing Australasia, they are in response to an MOU (or contract) and are directed to specific projects by the donors. In such cases, the corresponding bank transfer is made in accordance with the MOU arrangements. The Board is notified by email and at the next quarterly Board Meeting and to the next AGM. In these cases, financial acquittals are required and provided.
 - When unsolicited donations are given to Partner Housing Australasia, they are usually directed to specific projects by the donors. In such cases, the corresponding bank transfers are made as soon as possible, and the Board is notified by email and at the next quarterly Board Meeting.

Financial Risk Posed by Implementing Partner Organisations

The CEO (in consultation with the Finance Manager and Regional Managers) shall prepare an annual risk assessment of the financial risks associated with the activities of the implementing Partner Organisations. The risk to Partner Housing Australasia may arise through –

- Partner Organisations failing to correctly construct infrastructure funded and designed by Partner Housing Australasia;
- Partner Organisations staff failing to adhere to training provided by Partner Housing Australasia; and
- Other activities of the Partner Organisation, which undermine its financial viability, and thus threaten the viability of Partner Housing Australasia and its programs.

This procedure shall be carried out in the context of the annual risk assessment of the financial viability of Partner Housing Australasia (set out in the previous procedure “Risk Analysis” in this document).

The management team carrying out these assessments shall include Managers with appropriate accounting skills and experience, and Managers with knowledge and skills in managing design and construction of remote village infrastructure (as constructed by the Partner Organisations).

Document P23040354-1 Partner Financial Risk Management Policies & Procedures sets out the details for assessing and mitigating risk presented by financial partners.

Documented Funding Agreements with Implementing Partner Organisations

The CEO (in consultation with Regional Managers) shall ensure that, for each program undertaken by Partner Housing Australasia, there is an appropriate 5-year MoU signed by all parties.

These documents shall include –

- models for the funding and financial management of the programs,
- the constitution of the implementing Partner Organisations,
- the shared code of conduct key policies (including, but not limited to the detection and elimination of fraud, anti-terrorism financing and money laundering, child protection, privacy, disabilities, gender, inclusion, environment, and other key policies), and
- other details necessary for the implementing of the programs.

Foreign currency exchange and rate movement exposure

The Finance Manager shall –

- a) Ensure all funding commitments to implementing Partner Organisations, in MOUs or other communications, are expressed in Australian currency (AUD).
- b) All approvals and transaction authorisations shall be in accordance with the procedures in document P23040353-1 Financial Control, Authorisations, Auditing Policies & Procedures.
- c) Arrange for donations to be held on deposit in Australian currency (AUD) in an Australian interest-bearing bank account, until required for transfer to the implementing Partner Organisation.
- d) On receipt of the approval, arrange for the transfers to be executed with a minimum number of intermediate currency conversions. Refer to the following detailed procedure.
- e) Record the conversion rates and all associated bank charges with the transaction approval documentation.
- f) If an overseas donor wishes to make a donation in an overseas currency, the donation shall be –
 - donated directly from the donor to implementing Partner Organisation's bank account (i.e., the donation is not to Partner Housing Australasia), or
 - converted to Australian currency (AUD), and held on deposit in Australian currency (AUD) in an Australian interest-bearing bank account, until required for transfer to the implementing Partner Organisation, in a way that minimises the number of intermediate currency conversions; or
 - if possible, held on deposit in the donor's currency in an Australian interest-bearing bank account, until required for transfer to the implementing Partner Organisation, in a way that minimises the number of intermediate currency conversions.
- a) Record and report the interest earned, bank transfer fees charged and the conversion rates of all transaction, together with the amount of original currency and amount in received currency.
- b) Scrutinise all donations to guard against potential fraud or money laundering.

Anti-fraud and Anti-money-laundering Procedures

The Finance Manager shall implement the following –

- a) Money shall only be transferred internationally to implementing Partner Organisations (including, but not limited to, Vision for Homes (PNG) and South Ranongga Community Association (Solomon Islands)) or to established businesses (such as hardware suppliers, transport companies, construction contractors and the like) that have been approved by the Board to receive such moneys.
- b) All transactions shall comply with the relevant laws, taxation, counter-terrorism financing and anti-money-laundering legislation and other relevant Partner Housing Australasia Policies including P23040357-1 Anti-Fraud & Anti-Corruption Policy. Advice on these matters shall be sought from the Organisation's Auditor and Solicitor.
- c) Transfers shall be executed only through established banks or approved currency traders. The bona-fides of such organisations shall be reviewed and approved by the Board.

Compliance and Auditing

The CEO shall implement the following –

- Initiate the required monitoring, evaluation and learning functions associated with this “Policies and Procedures” document.
- Initiate both internal and external auditing, consistent with ISO 9001 principles of the policies and procedures herein.
- Ensure that the compliance with the policies and procedures herein, and the associated internal and external audits, are recorded in the associated “Compliance and Audit Records” documents.

Training

The CEO shall implement the following –

- Distribute a reference and link to this “Policies and Procedures” document to all Directors, Regional Managers and Partner Organisation Managers, and other personnel working on behalf of the organisation. (Partner Housing Australasia is a voluntary organisation and does not employ staff).
- Distribute a reference and link to the associated “Training” package. Request that all Directors, Regional Managers and Partner Organisation Managers use this to increase their awareness and understanding of these policies and procedures.
- Include a reference and link to this “Policies and Procedures” document in all Memoranda of Understanding with Partner Organisations.
- Table this “Policies and Procedures” document at the Annual General Meeting, for discussion and adoption.
- Review the training effectiveness at the February Board Meeting.