

**GUIDANCE NOTE ON TERRORISM FINANCING RED  
FLAGS/INDICATORS FOR NON-PROFIT ORGANISATIONS**



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## **INTRODUCTION**

The Non-Profit Organisations (NPOs) sector continues to play a vital role in the socio-economic development of Ghana. The importance of the NPO community in providing charitable services around the country, as well as the difficulty of providing assistance to those in need, often in remote regions cannot be overemphasized. Indeed, their efforts complement the activity of Government in providing essential services, comfort and hope to those in need.

However, globally the NPO sector continue to be abused and exploited by terrorist and terrorist organisations through a variety of means to actualise their intentions. In recent times, the NPO sector has been used in some jurisdictions to raise and move funds, provide logistical support, encourage terrorist recruitment, or otherwise support the operations of terrorist organisations.

The misuse of the sector does not only facilitate terrorist activity, but also undermines donor confidence and jeopardises the very integrity of NPOs.

Protecting NPOs from terrorist financing abuse is, therefore, both a critical component of the global fight against terrorism and a necessary step to preserve the integrity of NPOs and the donor community so as to ensure their continues operations in contributing to national development.

## **PURPOSE**

The purpose of this document is to guide players within the Non-Profit Organisations (NPOs) in identifying and reporting terrorism financing trends/schemes.

It is important to state that, a single red flag/indicator on its own may seem insignificant, but combined with others, could provide reasonable grounds to suspect that the transaction is related to terrorist financing activity.

## **REPORTING A SUSPICIOUS TRANSACTION/ACTIVITY**

Section 30 of the Anti-Money Laundering Act, 2008 (Act 749), as amended requires a person or an accountable institution that knows or reasonably suspects that a property is a terrorist property or the proceeds of money laundering or is meant for financing the proliferation of weapons of mass destruction or intended for any other serious offence to submit a Suspicious Transaction (Activity) Report to the Financial Intelligence Centre (FIC) within twenty-four hours after the knowledge or suspicion.

## **NO TIPPING-OFF**

It is an offence to inform any person, including a donor or beneficiary, that your institution or a staff of your institution has filed a Suspicious Transaction (Activity) Report about his/her transactions/activities.

## **OFFENCES & PENALTIES FOR NON-COMPLIANCE**

Non-compliance with obligations under the Anti-Money Laundering Act, 2008 (Act 749), as amended and any other relevant legislation and regulations may result in criminal and or administrative sanctions.

## **RED FLAG / INDICATORS FOR TERRORISM FINANCING**

### **DONATIONS**

- ⊗ Unusual or substantial one-time donations are received from unidentifiable or suspicious sources.
- ⊗ If a series of small donations are received from sources that cannot be identified or checked.
- ⊗ Where donations are made in a foreign currency or from foreign sources where financial regulation or legal framework is not as rigorous.
- ⊗ Where payments received from a known donor but through an unknown party.
- ⊗ Where donations are received from unknown or anonymous bodies.
- ⊗ Where payments received from an unusual payment mechanism where this would not be a typical method of payment.
- ⊗ Where donations are conditional to be used in partnership with particular individuals or organisations where the NPO has concerns about those individuals or organisations.
- ⊗ If conditions attached to a donation are such that the NPO would merely be a vehicle for transferring funds from one individual or organisation to another individual or organisation.
- ⊗ Where a NPO is asked to provide services or benefits on favourable terms to the donor or a person nominated by the donor.

## **BENEFICIARIES**

- ⊗ Where a NPO provides assistance, services or support on the basis of certain sum of money per beneficiary and the numbers are relatively high.
- ⊗ Where a NPO provides services to larger numbers or beneficiaries, where it may be easier to disguise additional beneficiaries.
- ⊗ Where there may appear signs that people may have been placed on distribution and aid lists by providing kickbacks and bribes to officials.
- ⊗ Lists of beneficiaries contain multiple manual corrections, multiple names may appear, may contain more family members.
- ⊗ Evidence that third parties or intermediaries have demanded payment for recommending or nominating beneficiaries.
- ⊗ Fake or suspicious identity documents.
- ⊗ Beneficiaries with identical characteristics and addresses or multiple identical or similar names and signatures.

## **EMPLOYEES**

- ⊗ Indications that staff may be living beyond their means or appearing at unusual times.
- ⊗ Staff carrying out tasks or jobs they should not be, or other unusual staff behaviour or conduct.
- ⊗ Sudden or increased staffing costs

## **PROJECTS**

- ⊗ Invoices and paperwork have been tampered with, altered in crucial aspects with handwritten amendments.
- ⊗ The project is vague or lacks adequate financial or technical details.
- ⊗ Missing key documents or only copies can be reproduced.
- ⊗ Lack of evidence to show fair and transparent tendering or procurement procedures.
- ⊗ Invoices and papers recording a higher cost for goods or services than expected or agreed.
- ⊗ Signatures confirming receipt or payment are missing or the invoice unsigned or undated.
- ⊗ Receipts have been signed and dated a long time after the goods or services should have been delivered.
- ⊗ Repeated excuses of system crashing, losing records or paperwork.
- ⊗ Discrepancies between budgeted needs and payments requested.
- ⊗ Requests for payments in cash to be made to an unknown third party or other organisation.
- ⊗ Funds are not being banked or accounted for.
- ⊗ Emails from new or unusual email addresses not in the partner's domain name or from someone who is not a previously agreed contact point.
- ⊗ Inconsistencies between narrative reports and financial claims and reports.

## **PARTNERS**

- ⊗ The structure or nature of the proposed project makes it difficult to identify the partner and verify their identity and details.
- ⊗ The proposal includes delegating work to other unknown partners or newly formed organisations.
- ⊗ Partners request unnecessary or unusual levels of privacy and secrecy.
- ⊗ Requests by partners to use a particular auditor or accountant.
- ⊗ The project involves unusual payment mechanisms, requests for cash, or for money to be paid into an account not held in the name of the partner, or in country in which the partner is not based and not where the project is being carried out.