

Due Diligence, Monitoring and Verifying End Use Policy

The Board of MCC is committed to ensuring its activities are for, and support, legitimate purposes and for its intended beneficiaries. The Board of MCC must safeguard MCC, its funds, property and beneficiaries by implementing:

- (a) good governance practice;
- (b) strong financial management through robust internal financial controls and risk management procedures; and
- (c) transparency and accountability.

MCC will implement a risk-based, proportionate approach to mitigate the risks it will face operating outside of Australia. In disaster relief situations, the priority is getting aid to those who need it quickly, however, the need to deliver humanitarian aid urgently will not justify a lack of robust due diligence and monitoring checks in place. With this in mind, the Board of MCC acknowledges that its due diligence and monitoring procedures will have to be dynamic, flexible and adaptable.

1. PURPOSE

This Policy has been developed to provide a framework for:

- (a) due diligence;
- (b) monitoring;
- (c) identifying and managing risks; and
- (d) transparency and accountability.

2. DUE DILIGENCE

The Board of MCC will implement a range of steps to:

- (a) verify the origin of funding;
- (b) confirm the identity, credentials and good standing of the people and organisations with whom MCC will work – donors, beneficiaries and partner organisations;

- (c) monitor the destination and use of its mobile block making factories;
- (d) identify and report unusual or suspicious activities, conduct or request; and
- (e) identify and manage risks associated with (a), (b), (c) & (d) above.

3. FINANCIAL RECORDS

MCC must ensure:

- (a) the receipt and expenditure of charitable funds (both within Australia and overseas) are properly documented, with sufficient detail to demonstrate funds have been spent in a manner consistent with MCC's purpose and objectives; and
- (b) there is an audit trail of decisions made in respect of funding.

4. IDENTIFICATION OF RISK & RISK MANAGEMENT

The Board of MCC must consider the major risks to which MCC will be exposed in its day-to-day activities. The Board must satisfy itself that systems or procedures are established in order to manage those risks.

The Board of MCC will implement a Risk Management Strategy, with systems and procedures to identify and manage the following forms of risk:

- operational;
- financial;
- reputation;
- external; and
- compliance with laws (within Australia and internationally).

The purpose of MCC's Risk Management Strategy will be to ensure:

- (a) new risks are reported and evaluated;
- (b) risk aspects of operating in new countries and territories are considered as part of the operational appraisal;
- (c) any failures of control systems are identified, reported and actioned;
- (d) MCC Representatives are informed about, and understand, the implementation and monitoring or risk management control systems;

- (e) further actions are identified and documented for consideration by the MCC Board;
- (f) the MCC Board considers and reviews the Risk Management Strategy annual; and
- (g) the MCC Board is provided with timely reports regarding (among other things) new risks, failures of control systems.

MCC must also consider and assess risks that are specific to the overseas zone in which it will operate. As part of its due diligence, the Board of MCC must undertake a risk assessment of the particular country or region in which MCC will operate. MCC will assess (among other things):

- (a) the legal and political environment, including the effectiveness of local authorities and government agencies;
- (b) local laws, regulations and rules;
- (c) cultural issues and local practices;
- (d) the structure of local delivery organisations, including NGOs;
- (e) the nature and activities of NGO operations and partners;
- (f) whether NGOs deliver work themselves or through delegation to local agents;
- (g) the country's economic structure and environment;
- (h) whether there is an established banking and financial services sector and what safeguards are implemented by those services;
- (i) criminal activity, particularly bribery and corruption; and
- (j) money laundering.

As part of its risk assessment, MCC will check for sanctions and the relevant country's list of proscribed organisations and designated individuals and entities.

5. MONITORING

MCC must be able to demonstrate that the funds it receives, and its overseas operations, have been used for the purposes for which they were intended.


MCC will implement steps to ensure:

- (a) funds received by it can be accounted for by an audit trail of expenditure;

- (b) any organisations with whom MCC partners have in fact delivered on their commitments and their project deliverables;
- (c) MCC's block making factories have been used for the purposes and the beneficiaries for which they were intended;
- (d) Issues and concerns are identified and dealt with;
- (e) partner organisations remain appropriate in their activities;
- (f) there is a full audit trail for the movement of plant and equipment overseas;
- (g) there are adequate records to demonstrate plant and equipment has been used for legitimate aid; and
- (h) there is some independent evidence to corroborate the paper trail.

6. TRANSPARENCY & ACCOUNTABILITY

Once MCC commences overseas operations, the Board of MCC will report to its Members the steps MCC has taken to manage risk.

Name:	Nic Matich	Position:	Chairperson
Signature:		Date:	4/06/2025
Next Review date:	04/06/2026		