

Risk Management Policy Local & Overseas Operations

The Board of MCC must consider risk and its management in a structured way, which will, in turn, enhance MCC's effectiveness and accountability and strengthen MCC's reputation among beneficiaries, partners, donors, supporters and the public.

1. PURPOSE

The purpose of this Policy is to set out a risk assessment framework, with procedures and tools for the Board of MCC to:

- (a) **IDENTIFY:** identify, assess and prioritise risks and understand how risks might present themselves;
- (b) **MITIGATE:** design systems to mitigate against and manage identified risks;
- (c) **IMPLEMENT:** train staff and implement risk assessment systems and reporting procedures; and
- (d) **MONITOR:** monitor and review performance and the effectiveness of risk management procedures on a periodic basis.

Risk Assessment & Management Procedures & Tools

The Board of MCC must use the risk assessment and management tools (as applicable) contained in this Policy when MCC:

- 1. is selecting and engage contractors and subcontractors;
- 2. is considering undertaking a new activity or project in Australia or overseas (Tools 1, 2, 3 & 4 – Risk Assessment);
- 3. is undertaking a project and when it completes that project (Tool 5 – Monitoring);
- 4. is considering entering into a partnership with a third party (Tools 6 – Partnerships); and
- 5. receives a donation that is large, unusual or has suspicious characteristics (Tool 7 – Donations).

2. SELECTION AND ENGAGEMENT OF CONTRACTORS AND SUBCONTRACTORS

MCC will maintain the following internal control procedures with respect to the engagement of contractors and subcontractors:

- (a) the engagement of contractors and subcontractors to work with or for MCC must be approved by the Managing Director;
- (b) approvals must be in writing, with the original held on file and a scanned copy stored in MCC's electronic file database;
- (c) prior to engaging a contractor or subcontractor, the Managing Director must:
 - (i) satisfy him or herself that the contractor or subcontractor has a good reputation and appropriate experience to complete the relevant work;
 - (ii) require the contractor or subcontractor to confirm that, in providing the relevant services, it will comply with Australian laws relating to:
 - money laundering;
 - the financing of terrorism;
 - sexual offences against children;
 - slavery and slavery-like conditions;
 - trafficking in individuals and debt bondage;
 - people smuggling;
 - international sanctions;
 - taxation; and
 - bribery;
- (d) each contractor must complete a Contractor / Subcontractor form that provides the following details:
 - (i) full entity name;
 - (ii) contact details;
 - (iii) detailed description of tasks to be performed;
 - (iv) Commencement Date of the engagement;
 - (v) Confirmation that the contractor / subcontractor agrees with MCC's Values;
 - (vi) Confirmation that in the course of providing the services, the Contractor / Subcontractor will comply with Australia Laws;
 - (vii) date signed;
 - (viii) signature of Authorised Person;
 - (ix) contact details for personnel engaged to provide the services; and
 - (x) provide Certificate of Currency of relevant insurances (public liability and workers compensation containing principal indemnity and waiver of subrogation in favour of MCC).

Two examples of how MCC will engage with other contractors and subcontractors are as follows:

Scenario 1: Supply Through Engagement of a Government or Local Authority

MCC would be approached to provide house foundations and walls, to be produced on site using an MCC mobile factory. This would include manufacture of 'crisis blocks' and design of houses or structures with the involvement of our Structural Engineering partner DWA, with whom MCC has entered into a MOU.

Building would be carried out according to the local design requirements and instructions and drawings given by DWA.

Engagement with local councils and people would assist with building design requirements.

By way of example, if a school was to be built, local education authorities and councils would supply requirements. DWA would be engaged to design buildings fit for purpose, which use MCC's building methods.

Local raw materials would be assessed for use and blocks made which satisfy strength and quality requirements. Local people can be trained to manufacture crisis blocks and build under the supervision of the local authority eg. a builder with registration or local council ordinance.

MCC would require local supply of:

- fuel;
- water;
- security;
- surveying;
- local labour;
- access to raw materials such as rubble, sand and clay;
- cement supply;
- rebar supply; and
- supply of other parts such as timber beams and hardware.

Supply of the above products and services would be assisted by the local government and other supply companies. Suppliers would be assessed for quality, cost, supply capability, plus other ethical standards such as slave labour, discrimination, child labour, conflicts of interest (as detailed above).

MCC's primary scope of works is limited to completing the building of walls and foundations. Preceding works, such as surveying and obtaining approvals to build, would be undertaken by a local builder, with subsequent works requiring the following trades:

- plumbing including toilets, bathing areas and tiling;
- roofing;
- ceilings if applicable;
- flooring;
- doors and windows;
- kitchen installation; and

- electricals and solar panel installation.

Other trades would be contracted by the local government or registered builder directly. MCC could also assist with these services, depending on logistics capability for that region.

Scenario 2: Supply Through Engagement with an NGO

The only variation to the above scenario is that the engagement would include the NGO at all stages. Purchasing and logistics of supply of the materials required for the MCC building process will be assisted by the NGO.

Proposed NGOs will include:

- UN;
- World Vision; and
- Minderoo (a draft proposal to Minderoo has previously been provided detailing the engagement process).

TOOL 1: RISK ASSESSMENT CHECKLIST

NO	ITEM	COMMENT
	Activity / Project	
	Is the activity clearly within MCC's	
	Are proper policies and procedures in place to prevent beneficiaries	
	Are partners, staff and volunteers sufficiently trained to be able to carry	
	What lessons has MCC learnt from its own previous experience, or that of other organisations working in the	
	Legal	
	Are there any specific laws and requirements to be aware of in	
	Are there any Australian or local	
	Finance	
	What is the charity's financial position and is there enough money	
	Will there be an impact on tax (for example, VAT implications)?	
	How will the money get to the project site? Will it go through bank accounts	
	Will Money Service Businesses be	
	Partners	
	Are partners being used? What risks	
	Have these partners been used	
	Will a written agreement be in place?	
	What are the risks of the partner not	
	Can money be recovered if necessary? What problems might	
	External Factors	
	What factors are outside MCC's	

	<p>For international operations - what are the relevant circumstances arising in the particular country or region of operation:</p> <p>(a) internal conflict or other violent or military action</p> <p>(b) terrorist or criminal activity</p> <p>(c) poor infrastructure in remote areas</p> <p>(d) absence of government facilities</p>	
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TOOL 2: RISK MATRIX

This Risk Matrix is to be used by the MCC Board:

- in conjunction with the SWOT analysis and PESTLE analysis;
- when assessing areas of risk when planning a new project with a partner organisation;
- as a risk register for ongoing monitoring and review of risk for the duration of a project.

N	Area	Risk	Likeli	Imp	Controls	Actions Taken
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	Reputation	A real or perceived link or association between MCC and terrorist activity will damage MCC's reputation	LOW	HIGH	<ul style="list-style-type: none"> • Draw up detailed partnership agreements • Review partner's governance structures • Review project audit and monitoring, including field visits • Include an impact and risk assessment for all projects • Take references and contact other affiliates of the partner 	
	Financial / Criminal	Financial loss, fraud, money laundering, terrorist financing.	Low	High	<ul style="list-style-type: none"> • Clear responsibilities and segregation of duties • Scheme of delegation • Developing and implementing a fraud policy • Purchases and tender controls, reconciliations of cash book to petty cash and bank, expenses procedures and authorisation limits 	
	Financial / Criminal	Failure to comply with Australian, International	High	Medium	As above	
	Financial / Criminal	Funds or assets provided are not used for the intended	Low	Medium	As above	
	Security	Risk to staff and/or beneficiaries	High	High	<ul style="list-style-type: none"> • Country specific security risk assessment • Crisis management policy and procedures • Health & safety 	
	Security	Obstacles to the effective delivery of	High	High	As above	
	Security	Areas of conflict, political	High	High	As above	

TOOL 3: PESTLE ANALYSIS

This PESTLE Analysis will be undertaken by the MCC Board when assessing the risk arising from the impact of external factors on MCC, particularly when operating overseas.

N	Risk	Relevant Factors	Comment Action
	Political	<ul style="list-style-type: none">• Government influence• tax policy• employment laws• environmental regulations• trade restrictions & tariffs• reform and political stability	
	Economic	<ul style="list-style-type: none">• economic growth• exchange rates• inflation• wage rates• working hours• cost of living	
	Social	<ul style="list-style-type: none">• cultural aspects• health and safety consciousness• population growth rate• other demographics	
	Technological	<ul style="list-style-type: none">• ecological and environmental aspects and available products and services	MCC may need to innovate, having considered compatibility with MCC's own technology and
	Legal	<ul style="list-style-type: none">• laws that may impact on MCC's operations• NGO regulation	
	Environmental	<ul style="list-style-type: none">• awareness of climate change• seasonal or terrain variations which may affect charities' service	These factors may affect MCC's service delivery methods

TOOL 4: SWOT ANALYSIS (STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS)

SWOT Analysis will be used by the Board of MCC to help identify and assess the risks associated with (among other things) entering into a new partnership with another organisation in order to carry out MCC's purposes. An example SWOT Analysis is set out below.

STRENGTHS: attributes of the partner, project or activity that will help achieve the objective or prove the outcome	WEAKNESSES: attributes of the partner, project or activity that might cause problems, be harmful to the quality of the outcome, or potentially prevent the objectives being achieved
OPPORTUNITIES: conditions or resources that could be used to help achieve the objectives, or that could help to improve the outcome	THREATS: events or conditions that could restrict the achievability of the objectives, or that could damage the quality of the outcome

TOOL 5: PROJECT MONITORING

The Board of MCC will implement robust monitoring processes to ensure its assets are protected from abuse and have been put to proper use. The Board of MCC will seek to identify system weaknesses and breakdowns at an early stage, so it can implement action to put rectify and (as the case may be) prevent these weaknesses and breakdowns. On completion of a project, documentation of the monitoring procedures and outcomes will assist the Board of MCC determine whether there are any additional steps that can be taken or improved upon in the planning of future projects.

The following checklist sets out some of the main questions the Board of MCC will consider as a part of its monitoring process, to ascertain whether due diligence checks were adequate and charity funds are being used effectively and appropriately.

N	Relevant Consideration	Comment Additional
	How does performance and delivery link to agreed	
	Is the quality of activities delivered acceptable?	
	Are there sufficient financial controls in place?	
	Have there been any significant changes in personnel?	
	Has the project actually been carried out?	
	Have the project activities, services or funds reached the intended identified beneficiaries?	
	Are all funds, assets and premises accounted for?	
	Were any significant problems encountered? If so, were these reported promptly to the charity and dealt with	
	Are there any lessons that can be learnt to improve future	

TOOL 6: PARTNERSHIPS

The Board of MCC will undertake a partnership assessment in order to manage and review MCC's connections with other organisations. The Partnership Assessment will involve:

- (a) consideration of the key issues detailed in the table below and, where required, completing the comments and action section of that table; and
- (b) completion of the Verification of Partner Form.

Partnerships – Key Issues

N	Item	Relevant Considerations	Comment Action
	Status & Governance	<ul style="list-style-type: none">• Governing documents• Proscribed organisation list• Designated entity list• Consolidated list of financial sanctions	<ul style="list-style-type: none">• Check relevant documentation• Undertake internet searches
	Representatives & Structures	<ul style="list-style-type: none">• Key Senior Personnel• Designated Individuals List• Size, management and operational structure of organisation• Level of certainty of delivery of services	
	Practical Working Relationship	<ul style="list-style-type: none">• Past working relationship• Concerns arising from past dealings• Are the partner's aims and values compatible with MCC's?• Are there language, communication or cultural problems and how can they be overcome?• Is the partner already working with other organisations?• Are there any conflicts of interest with the partner's third party partners• Are there arrangements in place to	
	Accounting and internal financial controls	<ul style="list-style-type: none">• Are the partner's financial controls generally adequate and reliable?• Are the partner's financial policies and procedures documented?• What recording and audit systems are in place, and are these suitable for the type of work being undertaken and the scale of funding involved?• Can MCC inspect the partner's financial records?• Does the partner have adequately	

	External risk factors	<ul style="list-style-type: none"> • Are there any special risk factors applicable to the area in which the partner organisation will operate: <ul style="list-style-type: none"> - Political environment - Economic environment - Social environment - potential or actual instability, unrest or conflict - health and safety concerns for charity representatives 	
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Partner Verification Form

No.	Item	Details	Comment Additional Action
	General Details &Contacts		
	Name of Partner <ul style="list-style-type: none"> Corporate entity Business / Trading Name 		
	Principal Address		
	Website		
	Main Contact <ul style="list-style-type: none"> Name Telephone Number Address Email 		
	Senior Management <ul style="list-style-type: none"> Name Telephone Number Address Email 		
	Legal Status		
	Legal Status (company, incorporated associations)		
	Governing Document		
	Date established		
	Country		
	Charity Status / Registration		
	Relevant Policy Documents		
	Working Language		
	Description of Objects & Activities		
	Bank Details		
	Name of Bank		
	BSB Account No.		
	Other		
	Partnerships with other Organisations		

	Proposed Partnership Arrangement		
	Outline of Project		
	Technical / Other Skills Required		
	Estimated Cost		
	Estimated Scale		
	External and Other Risks Identified		
	Due Diligence Checks		
	Summary of DD checks undertaken		
	Partner Compliance with Regulatory requirements		
	Examination of Partner Accounts	<ul style="list-style-type: none"> • Year ending • Comments 	
	Proscribed organisation check	<ul style="list-style-type: none"> • Date • Outcome 	
	Designated Entity Check	<ul style="list-style-type: none"> • Date • Outcome 	
	MOU Partnership Agreement	<ul style="list-style-type: none"> • Attach • Date signed • Position of Signatory 	
	Outcome		
	<ul style="list-style-type: none"> • Suitability • Capacity to deliver 		
	Board Approval		
	Date		

TOOL 7: DONORS

Depending on the risk, including the size and nature of a donation, the Board of MCC must consider multiple factors to determine a donation is from a legitimate source. Set out below is a table of questions and considerations the Board of MCC will take into account when receiving donations that large, unusual or that has suspicious characteristics.


Donations – Key Issues

N	Question / Consideration	Comment Action
	General	
	Who is the donor?	
	What is known about the donor?	
	Does MCC have a well-established relationship with	
	Do any additional identity checks need to be made?	<ul style="list-style-type: none">• Internet searches• Registrations with other regulators• Governing documents
	Is the donor an Australian Resident for Tax Purposes?	
	In what form is the donation being received - cash,	
	Have any public concerns been raised about the donors or their activities? If so: <ul style="list-style-type: none">• what was the nature of the concerns;• how long ago were they raised;• did the police or a regulator investigate the concerns;• what was the outcome of any investigations; and	
	Nature of Donation and any Conditions	
	How big is the donation?	
	Is it a single donation, or one of a number of regular donations, or the first of multiple future donations?	
	Does the donation come with any conditions attached? What are the conditions?	
	Is the donation conditional on particular organisations or individuals being used to apply the funds?	
	Is the donation conditional on being applied to benefit particular individuals either directly or indirectly?	
	Is the donation in AUD or another currency?	

	Is the donor based, or does the donation originate, outside of Australia? If so: • from which country; and	
	Is the donation received from an unknown body or international source where financial regulation or the	
	Is the donation received from a known donor but through an unknown party or an unusual payment	
	Is anything else unusual or strange about the	
	Procedure - Suspicious Transactions	
	Due diligence checks reveal evidence of crime	Report the matter to the Police, any other appropriate authorities
	MCC Board has reasonable cause to suspect that a donation is related to terrorist financing	Report the matter to the Police and any other appropriate authorities, including AUSTRAC, Australian Government's
	Refuse a suspicious donation	

Name: Nic Matich

Position: Chairperson

Signature: 

Date: 4/06/2025

Next Review date: **04/06/2026**