



## Holding, moving and receiving funds safely in the UK and internationally

# The use of intermediaries - checklist of some key risk management questions

### Speed:

- how urgent is the proposed transaction?
- would it be acceptable to allow the transaction to go through the formal banking system, possibly taking a little more time, or is there a pressing need to transfer funds through intermediaries?

### Cost:

- how much are the charges and what are they for?
- are the costs reasonable?
- is it possible to negotiate a better rate?
- is it a one off or a percentage or commission basis?
- have the costs of other providers or options been considered and a record made to evidence the decision making process?

### Security:

- are the trustees satisfied with the overall safety and security of the proposed arrangements, and that there have been appropriate due diligence checks on the intermediary?
- is the proposed transaction putting charitable funds or charity employees or volunteers at any undue risk?

### Regulation in the UK:

- are the trustees satisfied, through appropriate checks of the registered or other status of service providers, that the intermediaries are regulated, whether it be through the FSA, HMRC, or some other appropriate body?
- have the trustees ensured that the agents they use are so registered (UK-based IVTS agents are required to be registered with HMRC)? These can be found on the **Money Service Business Register**.
- Where charities use payment services - such as internet-based agents or operators offering payment services using mobile phones - trustees should ensure they are registered with the FSA

**Annex A** provides further details.

Regulation overseas - in respect of the legality of IVTS transactions in the destination countries for transferred funds:

- are there any local laws affecting these transactions?
- if the IVTS agents in the destination country are required to be registered, are the agents they are using registered?
- if there is no such requirement, have trustees established the credentials of an agent and taken this factor into account in their decision making and risk management processes?

Political and social conditions in the destination country:

- have trustees considered the local or regional conditions of the destination country in their risk management, for example the general security of the country and its financial sector?

The international context:

- are the trustees aware of the international backdrop to these issues, in particular **FATF's Special Recommendation VI** Alternative Remittance focuses on informal money and value transfer systems?

Financial controls:

- are the charity's financial controls robust enough for the use of these methods or do they need enhancing? see **Tool 4**
- have full and proper written records been kept?
- do the intermediaries know the charity requires this?
- are the charity's financial controls robust enough to ensure effective monitoring of the transactions?

Other charities/NGOs:

- are there formal agreements where charities use such third parties in order to transfer funds internationally? The Commission's guidance **Charities working internationally** includes advice on this issue