



## **Transparency and accountability policy**

**Approved by the Board on \_\_\_August 2018**

### **Statement of Purpose**

- The following policy presents the position taken by the Love Mercy Foundation Limited (ACN 142 069 645) (**Love Mercy**) in respect of transparency and accountability and associated arrangements, including in respect of international agreements and arrangements.
- Love Mercy is committed to ensuring that any international activities it conducts are undertaken by Love Mercy and any of its affiliates, partners, donees, colleagues and clients, and each of their respective officers, employees, agents, contractors and consultants, having regard to principles of transparency and accountability.
- The purpose of this policy is to establish processes, procedures and controls to ensure that Love Mercy and each of the bodies corporate, entities and persons set out in the preceding paragraph conduct each of themselves in a manner which fosters overall transparency and accountability.
- Love Mercy has a culture based on mutual respect and honesty and has policies in place to ensure we operate in an appropriate, ethical and fair manner with our colleagues and clients. Our comprehensive employment contracts ensure that we have consistent regulations in place on ethical behaviour and all employees are required to adhere to applicable laws. Further our contractual agreements with stakeholders and other key parties are prepared on the basis that principles of transparency and accountability are included in them. This may include (without limitation) rights in respect of access to individuals, books, records, documents, information and other materials along with a right to audit them. In addition, ongoing training is provided to all employees in relation to applicable laws in respect of professional conduct and ethics.

## Policy statement

- Love Mercy values its relationship with its clients, its members, its donors, its volunteers and other stakeholders who partner with it to enable it to achieve its purpose.
- Love Mercy recognises that transparency and accountability build trust and help those relationships to flourish.
- Love Mercy approaches international engagement in the spirit of transparency and accountability.
- This policy provides the strategic framework for ensuring transparency and accountability, including with international partners.
- Love Mercy takes its legal and ethical responsibilities, along with its social licence, very seriously.

## Application

In this policy:

**contract** includes a document that outlines a collaborative partnership, alliance or activity where it is intended that a financial transaction or resource commitment will be effected.

**MoU** includes a document that sets out the commitment and intentions of parties to collaborate with the intent that further addenda will set out specific terms and conditions of engagement.

**third party** means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisers, representatives and officials, politicians and political parties.

This policy applies to all of our directors, officers, employees, agents, volunteers, interns and participants (whether permanent, fixed-term or temporary), who are collectively referred to as “**employees**” in this policy.

This policy covers international agreements and collaborations with partners and organisations, including governments, institutions, industry and corporations, which may take the following form:

- engagement of Love Mercy’s employees in activities;
- arrangements for use of Love Mercy’s research or other resources by an international organisation; and
- other international arrangements that progress Love Mercy’s strategic priorities, including contracts and MoUs.

## Policy

The purpose of this policy document is to recognise the importance of transparency and accountability and facilitate the development and implementation of measures by Love Mercy’s Board and employees to provide appropriate transparency and accountability.

The Board must ensure that it complies with its legal and contractual reporting obligations.

The Board must ensure that Love Mercy includes adequate legal and contractual reporting obligations in agreements and arrangements with third parties, including international partners, affiliates, contractors and consultants.

The Board must ensure that Love Mercy includes adequate measures, including in such agreements and arrangements, to allow the Board to:

- a. report annually to the Members, in accordance with the requirements of the constitution, on the organisation's activities in the preceding year, and providing an opportunity for questions;
- b. prepare financial reports as required by law;
- c. prepare an annual report in accordance with the requirements of the fundraising licence and ACFID requirements;
- d. report to government agencies (if applicable) as may be required from time to time, including as required by law or otherwise in accordance with the terms of grants and funding contracts;
- e. report to the Australian Taxation Office, and/or other relevant Commonwealth Government departments, in accordance with the requirements (if any) of its deductible gift recipient status
- f. report to donors in accordance with the terms of any philanthropic grants issued;
- ~~g.~~ report to the Australian Charities and Not-for-profits Commission.
- ~~g-h.~~ meets its obligations and requirements under the ACFID code of conduct.

The Board must adopt adequate procedures in its internal and external dealings (including with its associates in Uganda). Set out in **Annexure A** to this policy are the procedures adopted by the Board as at the date of this Policy document.

In addition to its specific legal and contractual obligations, the Board will consider each year whether there are any other stakeholder relationships which could benefit from receiving a report from the Board on the organisation's activities and performance.

In preparing any reports, the Board will consider the extent to which it can report on each of the following matters the extent to which these matters apply will vary according to the size and nature of Love Mercy from time to time:

- a. The purpose of Love Mercy.

A report on the purpose of Love Mercy involves explaining the environment in which the organisation operates. It includes reporting on Love Mercy's mission, vision and values, and explaining Love Mercy's relevance in the current environment.

- b. Love Mercy stakeholder reporting and engagement

This includes reporting on how stakeholder relationships are managed, how employees and volunteers are recruited, trained, rewarded, retained and recognised, and how the organisation is funded.

- c. Fundraising and investments

- i. This includes reporting on the source of funds, fundraising and funding targets. It includes reporting on accountability mechanisms governing the use of the funds.
  - ii. It includes an assessment of Love Mercy's ability to maintain the current levels of funding in the future, and how its fundraising approach is being evolved or adapted to changes in circumstances.
  - iii. It includes reporting on investments, and the management oversight and skills in Love Mercy to manage investment risks and performance.
  - iv. It includes reporting on movements in the level of funding, particularly where it has fallen in any year.
- d. Business strategy and mission
  - i. This includes explaining the strategy and structures that enable Love Mercy to operate and to grow.
  - ii. It includes identifying the priorities and associated budgets and allocation of resources.
  - iii. It also includes honest self-assessment and disclosure of performance and plans to address underperformance and/or ongoing challenges, recognising that this helps to build trust.
- e. Governance structure and processes
  - i. This includes reporting on governance structures, systems, processes and how risk management frameworks are aligned with those structures, systems and processes.
  - ii. It includes developing clear diagrams of the organisational structure with reporting lines and key roles identified.
  - iii. It includes maintenance (and disclosure, as may be required) of qualifications, experience and length of service of the members of the Board, CEO and senior management.
  - iv. It includes developing policies and reporting, as may be required from time to time, on how Love Mercy identifies and manages risks, and what risks are specific to Love Mercy in addition to general risks.
- f. Activity and performance
  - i. This includes reporting on outputs, outcomes and impacts.
  - ii. It also includes reporting on key performance indicators (KPIs) (if any) as may be determined by the Board from time to time
- g. Financial performance and position

This includes reporting on sources of revenue, revenue recognition policies and a discussion and analysis of the factors affecting the organisation's financial performance.

In entering into any agreement, arrangements or MoU's with international partners, third parties, affiliates, consultants and contractors and undertaking its function of reporting to stakeholders, the Board must be mindful of Love Mercy's above policies together with its privacy policy (underpinned by its privacy law obligations in Australian and throughout the world), and it must take care to act at all times in the interests of Love Mercy.

Deliberations of the Board and its sub-committees shall be dealt with in accordance with legal and customary confidentiality arrangements.

Where Love Mercy has been requested to provide assistance or services, this will only be undertaken if it is within the primary objects of Love Mercy. All international opportunities that arise are to be considered in a fair, open and accountable manner.

Love Mercy will not enter into any form of undue commercial risk, including via contracting or consulting.

Love Mercy applies the following principles when entering into International Agreements within the scope of this policy:

- Proposals for new agreements must complement and align with Love Mercy strategic priorities.
- Agreements will conform to all Australian and international regulatory requirements.
- Love Mercy will not be exposed to unacceptable risks by entering into the agreement.
- Love Mercy will require transparency and accountability in any strategic or alliance partners. Without limiting this, Love Mercy may require records to be maintained and available for access and review.

This policy is to be read in conjunction with the International Engagement, Anti-Bribery and Anti-Money Laundering and Terrorism policies.

### **Employee responsibilities**

Every employee must read and comply with this policy and use best endeavours to ensure that Love Mercy complies with this policy.

You must notify the CEO or a member of the Board as soon as possible if you believe or suspect that a conflict of interest may arise or a breach of this policy has occurred, or may occur in the future.

Any employee who breaches this policy will face disciplinary action which could result in dismissal.

### **Record-keeping**

We keep appropriate records and have internal controls in place, including signing authorities, which will regulate entry into and management of international agreements and arrangements.

You must ensure all expenses incurred to international third parties are submitted in accordance with our expenses policy and specifically record the reason for the expenditure.

### **How to raise a concern**

You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes a breach of this policy, or if you have any other queries or concerns, these should be raised with the CEO or a member of the Board.

## **Training and communication**

Training on this policy forms part of the induction process for all new employees. As set out in our anti-bribery policy, our zero-tolerance approach to bribery and corruption should be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate during the business relationship.

## **Complaint mechanisms**

All complaints involving any actual or potential breach of this policy are to be reported in accordance with the Love Mercy Foundation Complaints Handling Policy.

## **Risk mitigation, responsibility, monitoring and review**

The Board has overall responsibility for ensuring this policy complies with our legal and ethical obligations and that all employees comply with it.

The CEO has primary and day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation.

All employees are to be trained upon induction and at regular intervals in respect of this policy. Employees may be required to sign a form to confirm that they have read and understood this policy. This policy is intended to be incorporated by reference in any terms of engagement between Love Mercy and an employee.

All employees are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.

Employees are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the CEO.

This policy does not form part of any employee's contract of employment and it may be amended at any time.

## **Review**

This policy may be amended at any time by the Board in its absolute discretion.

It is intended this policy may be reviewed on an annual basis.

Any annual review of this policy may include collection and review of all relevant documents of Love Mercy (in Australian and Uganda) including board minutes, training materials, reports and other associated documents in respect of this policy.

**Next review date:** August 2019

## **Further Information**

Katie Rosser, Director

## Annexure A

## Procedures approved by the Board – August 2018

- Whenever monies are transferred to Uganda Love Mercy shall receive a written request for funding with details on what it's for.
- Providing it is within the Board approved budget and plan, the funds will be transferred by the CEO.
- Dual authorisation is required on all transfers.
- Love Mercy submits an international currency transaction. A form is filled out for each transaction which is the responsibility of the Ugandan office and sets out the date of request, approvals, date sent, amount sent, amount received.
- Love Mercy is then provided with receipts where possible. Understanding the realities on the ground in Uganda, this is not always possible and, where there is no receipt, instead Love Mercy is provided with a photo of the goods purchased.
- If the team in Uganda manage to buy all of what was agreed under budget, the balance of monies sits in the account until there is another request for funds. At this point, the amount subsequently approved has the balance already in Uganda deducted from it before transfer.
- Love Mercy's Project Manager or, in their absence the CEO, is responsible for holding the Love Mercy Uganda entity accountable with:
  - quarterly project management documents provided from the Uganda team to the Project Manager (one for each project);
  - a weekly email with an update on progress; calls at a minimum every second day.
- At least bi-annually a Love Mercy Australia employee visits all the projects in Northern Uganda.
- All policies written apply to Love Mercy staff in Uganda as well as Australia and they are provided and trained upon these in the same respect.
- Procurement decisions: the decision about which suppliers and contractors to use in Uganda is proposed by the Love Mercy team in Uganda based on their local knowledge.
  - Seed costs are monitored by Love Mercy in Australia through readily available information to ensure the price paid is in line with commercial, market prices and conditions.
  - Where Love Mercy is arranging building and construction works (including in respect of the Kristina Health Centre), Love Mercy assesses the quotes provided against prior amounts spent since the inception of Love Mercy and having regard to advice from Uganda based Love Mercy employees and consultants, as may be required.