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Foreign Exchange Policy

Document History

Version	Date	Description	Next Review
1	13/6/2024	Created to minimize fraud due to unstable conversion rates.	Before annual board meeting

Purpose:

The purpose of this Foreign Exchange Policy is to establish a standardized procedure for the conversion of foreign currencies, primarily from USD to local currencies. This policy is essential for managing the financial transactions of Fairaction International and its current subsidiary, Fairaction Nigeria. As Fairaction Nigeria is a water charity receiving significant international funding, including from its parent company, it is critical to ensure efficient and effective currency exchanges to support ongoing and future projects. This policy will also serve as a framework that can be tailored to additional regions as Fairaction International expands its operations globally.

Authorized Institutions

- **Currency Exchange Compliance:** All currency exchanges for Fairaction Nigeria must be conducted through financial institutions that are licensed and regulated by the Central Bank of Nigeria (CBN). This includes recognized banks and Bureau de Change (BDC) that have received explicit approval from the CBN. Utilizing only CBN-approved institutions ensures that all foreign exchange transactions are conducted securely, legally, and in compliance with the highest standards of financial governance.

- **Local Currency Transactions:** To further safeguard against fraud and enhance operational transparency, all payments to third parties working with Fairaction in Nigeria will be conducted exclusively in Nigerian Naira (NGN). This policy mandates that all funds converted from foreign currencies such as USD are fully processed and verified for accuracy and legitimacy before disbursement.

- **Fraud Prevention Measures:** By enforcing the use of authorized institutions for all currency exchanges and local transactions, Fairaction Nigeria ensures that the entire process from conversion to payment is monitored and free from fraudulent activities. This systematic approach not only supports our compliance with local financial regulations but also upholds our commitment to maintaining financial integrity and accountability in all operations.

Official Bank Rate and Exchange Procedure

- **Benchmarking and Rate Verification:**
  - **Benchmark Establishment:** Official bank rates will serve as the benchmark for all currency exchange transactions to ensure fairness and consistency across all operations.

  - **Daily Rate Verification:** The director responsible for currency conversion will verify the official bank rate daily by following a stringent procedure:

    1. **Access and Verification:** Log into Fairaction's designated exchange bank account to check the current day's exchange rate.

2. **Documentation:** Take a screenshot of the exchange rate and the date displayed on the bank's platform.

3. **Secure Storage:** Save the screenshot in a specific Dropbox folder that is used collaboratively by Fairaction Nigeria (FAN) and Fairaction International. This centralized cloud storage ensures that all documentation is secure and accessible for audit purposes.

4. **Record Keeping:** Insert the link to the screenshot into an Excel spreadsheet that maintains a detailed log of all transactions. This spreadsheet will include columns for:

    - **Date:** The specific day the rate was applied.
    - **Rate as per Bank:** The official rate from the bank.
    - **Rate Negotiated with Bureau de Change (BDC):** If applicable, the rate negotiated.
    - **Amount Converted:** The total USD amount converted.
    - **Amount Received in Naira:** The resulting NGN amount after conversion.

Compliance, Audit, and Review

- **Regular Audits:** To maintain the highest standards of compliance, regular audits will be conducted. These audits are designed to ensure adherence to this foreign exchange policy, verifying that all currency exchanges are conducted through approved channels and are properly documented.

- **Annual Review:** This policy will be reviewed annually to ensure it remains relevant and effective. The review will consider any changes in regulatory requirements or organizational needs, allowing for timely updates and adjustments. This process ensures that our practices continue to align with both current financial regulations and our strategic objectives.

Conclusion

Fairaction International is committed to upholding the highest standards of financial integrity and transparency in all of its currency exchange activities. This Foreign Exchange Policy ensures that all transactions are conducted in accordance with applicable laws and within the ethical boundaries set by our organization. By adhering to this policy, we safeguard our resources and reinforce our commitment to ethical business practices, enhancing our ability to achieve our mission effectively and efficiently.

Related Policies

To support the aims of this Foreign Exchange Policy and ensure comprehensive governance, the following related policies are also in place and should be read in conjunction with this document:

- **Fraud Control Policy:** Outlines the procedures to detect, prevent, and respond to fraud within the organization.

- **Anti-Corruption/Bribery Policy:** Provides guidelines to prevent acts of corruption and bribery, ensuring all business dealings are conducted in a legal and ethical manner.
- **Counter-Terrorism and Anti-Money Laundering Policy:** Establishes measures to prevent money laundering and the financing of terrorism,

complying with international and local regulations.

- **Financial Management and Resource Utilization Policy:** Describes the standards for managing and utilizing financial resources to ensure they are used effectively and responsibly.

These policies collectively form a robust framework that supports Fairaction's commitment to governance, compliance, and ethical operations across all areas of the organization.