

BRYANSTON

ANTI-MONEY LAUNDERING POLICY

Definition

Money laundering is the process in which the proceeds of criminal or illegal activity obtained money are processed or spent to create the appearance that they have come from a legal or legitimate source.

Money laundering is a term used to cover several offences. These offences relate to improper handling of funds that are the proceed of criminal acts, or terrorist acts, so that they appear to come from a legitimate source. It relates to both the activities of the organised crime but also to those who benefit financially from dishonest activities such as receiving stolen goods.

Money laundering can take many forms, but in relation to the School, it could involve, but will not be limited to:

- the donation of sums to projects for which an appeal is being run;
- the donation of sums for no obvious reason;
- the payment in advance of school fees; and
- the requested return of fees in advance

Aims

The aims of this policy are:

- To provide a clear statement of Bryanston School's position regarding the prevention of financial crime;
- To ensure that School staff are aware of and comply with the requirements of UK anti-money laundering legislation, to the extent that they apply to the School as a charitable organisation operating outside the regulated sector;
- To set out what measures, over and above those strictly required by law, the School has resolved to take to mitigate the risk of money-laundering occurring in the course of its business and charitable activities. As such, the School has a duty to safeguard its reputation, property, funds and beneficiaries.

Guiding Principles

The risk of the School being used as a target by those engaged in money laundering may appear to be low, particularly as the provision of education by Bryanston would not normally involve funds passing on to third parties. However, the School is committed to detecting and preventing any money laundering activities and to ensuring that it does not become involved in any arrangements involving criminal or terrorist property.

In order to fulfil this commitment, the School has established procedures for assessing the risk of financial crime, for internal reporting of suspicious activities and for making suspicious activity reports to relevant agencies.

Where risk factors are identified, the School will ensure that the identities of parents or guardians or other persons or organisations making any substantial payment to the School are satisfactorily verified. Verification may take place at the beginning of their relationship with the School and, where appropriate, also at latter stages.

The School will ensure that its staff are aware of the law in this area and will provide training where appropriate.

Legal Requirements

The law relating to money laundering is mainly covered in the Proceeds of Crime Act 2002 and the Terrorism Act 2000.

There are two specific offences under the Proceeds of Crime Act 2002 that school staff should keep in mind:

- A person (which includes both individuals and entities like schools) commits an offence if he or she enters into or becomes concerned in an arrangement which he or she knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person;
- A person commits an offence if he or she acquires, uses or has possession of criminal property. There is a specific defence to this offence that the person receives the criminal property as payment for 'adequate consideration', which would include educational services provided by the school for payment of school fees. However, this defence would not apply where money is received as a donation.

Property received by the School is criminal property if:

- it constitutes a persons' benefit from criminal conduct, or it represents such benefit (in whole or part and whether directly or indirectly), and;
- a member of staff knows or suspects that it constitutes or represents such a benefit.

There is a similar money laundering offence under the Terrorism Act 2000, if a person enters into or becomes concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property. It is a defence to prove that the person did not know and had no reasonable cause to suspect that the arrangement related to terrorist activity.

Risk

The School starts from the premise that the people with whom it does business are not money launderers or terrorists. However, to guard against the risk, the School takes a risk-based approach and will use the Charity Commission advice to assess the risk of money laundering. Therefore, in order to satisfy the core elements of due diligence reasonable steps must be taken to ensure trustees:

- 'identify' know who they are dealing with;
- 'verify' where reasonable and if the risks are high, verify identities;
- 'know what the organisation's or individual's business is' and can have confidence that they will deliver what you want from them to; and
- 'watch out' for unusual or suspicious activities, conducts or requests.

This policy enables staff to highlight any instances where there may be a higher risk of criminal activity and to apply appropriate control measures. These procedures have been designed as a proportionate and cost-effective response to the School's assessment of the actual risk. When assessing risk, the School will take a variety of factors into account. These may include the following:

Jurisdiction

If a person is resident in a jurisdiction that is perceived to have a lower standard of anti-money laundering regulation or measures to prevent corruption.

This can be checked by reference to various indices, including the Transparency International Corruption Perceptions Index.

Politically exposed person (PEP):

A politically exposed person (known in the anti-money laundering regulations as a PEP) may be more at risk of being involved in money laundering. A PEP is a person who has been entrusted with prominent public functions, or any immediate family member or close associate of such person.

Secrecy:

If a person is unusually secretive, for example if she or she is reluctant to meet face to face in circumstances where that would be the norm.

Sanctioned or proscribed organisations:

Whether the person is subject to sanctions or designated as, or associated with, a proscribed organisation.

Where a higher level than usual of risk has been identified, the staff concerned must consider whether it is appropriate to look more closely at any transaction and/or to require a more rigorous checking of identity and of the source of funds. In such cases it may also be appropriate to arrange for routine monitoring of transactions so that, for example, any change in the source of funds used to pay school fees is flagged up immediately.

Identification and Verification

Before entering into any transaction with a person or organisation with whom the School has no previous transactions, the School needs to take reasonable steps to ascertain the identity of that person or organisation.

In the case of individuals, the key information is:

- Full name, including surname;
- Residential address;
- Date of birth
- Nationality
- Citizenship

Depending on whether particular risk factors are present, the School may seek independent verification of identity, for example by requiring originals or certified copies of official documents confirming identity. Suitable documents might include passports or birth certificates. When checking such documents, staff must be alert to any signs that they might have been forged or stolen.

Copies of passports will be taken for all pupils joining the School and both parents are usually required to provide their name and residential address and to sign the School's Acceptance Form.

The School will consider the option of using commercial verification services, particularly relevant to overseas jurisdictions where the school may have limited access to the relevant databases and records.

In relation to organisations that are not already known to the School, staff will check and/or aim to contact key personnel in the organisation.

Staff should also check whether third parties are designated as, or associated with, proscribed organisations by checking the person's name against the UK government's current sanctions and proscribed organisations list, available on the [gov.uk website](https://www.gov.uk).

Reporting Suspicious Activity

This policy is separate from the School's procedures regarding grievances and whistleblowing. Rather, this procedure is to enable members of staff to express a legitimate concern regarding suspicions of money laundering or financial crime.

The school is not required by law to have a Money Laundering & Proceeds of Crime Nominated Officer (MLNO) to whom suspicious transactions or activities should be reported but, as part of its commitment to detecting and preventing any money laundering activities, it has decided that the Chief Operating Officer should act as the point of reference and, in his/her absence, the Compliance Officer is authorised to act as deputy. The function of the COO is to:

- act as a single point of contact for staff in relation to any suspicions of money laundering or other financial crime;
- oversee the provision of training and guidance to staff;

- provide reports to Governors, annually or more frequently if requested, on the operation and effectiveness of the School's anti-money laundering procedures; and
- keep this policy and related procedures under review.

Disclosure Procedures

Staff must make a report to the COO where they have knowledge or suspicion, or where there are reasonable grounds for having knowledge or suspicion, that another person is engaged in money laundering, or that terrorist property exists. Please refer to Appendix I for grounds of suspicion and identifying risk.

If you have any concerns or suspicions relating to the COO, the same process should be followed but must be reported to the Headmaster or Chair of the Finance and General Purposes Committee.

Your report should include as much detail as possible including:

- full available details of the people, organisations involved including yourself and other members of staff if relevant.
- full details of transaction and nature of each person's involvement in the transaction.
- suspected type of money laundering activity or use of proceeds of crime with reasons for your suspicion.
- the dates of any transactions, where they were undertaken, how they were undertaken, and the likely amount of money or assets involved.
- information on any investigation undertaken to date, including whether suspicious have been discussed with anyone and if so on what basis.
- whether any aspect of the transaction(s) is outstanding and requires content to progress.
- any other information that may help the COO judge the case for knowledge or suspicion of money laundering and to facilitate any external report.

It is the School's policy, that following a disclosure to the COO you must follow any instructions provided. You must not make any further enquiries unless instructed to do so by the COO. Any further transactions or activity in respect of the person in question, whether or not it is related to the matter that gave rise to the original suspicion, should be reported to the COO as they happen, unless and until the COO has confirmed that no report to the NCA and the local police is to be made.

The COO will consider all internal reports and must make an external report to the NCA (who will undertake any necessary investigation) as soon as is practicable if he/she considers that there is knowledge, suspicion or reasonable grounds for knowledge or suspicion, that another person is engaged in money laundering, or that terrorist property exists. This applies even if no transaction takes place.

The COO will report any suspicions of money laundering activity, and how they have been managed, to the Audit Committee.

Record Keeping

The School will retain copies of the evidence they obtained of the identity of people and organisations with whom it has done business for five years after the end of the business relationship, together with details of all transactions.

All suspicions reported to the COO must be documented, either on paper or electronically. The report should include the details as set out in the Disclosure Procedure above. All enquires that are made within the School in relation to the report should also be recorded.

The School must keep details of actions taken in respect of internal and external suspicion reports, including details of information considered by the COO in respect of an internal report where no external report is made.

Receiving Cash Payments

If any member of staff is offered funds that he or she knows or suspects are criminal property or may represent terrorist finance, or if he or she receives any unusual request to receive or transfer money, it must

be reported immediately to the COO who will, if appropriate, contact the NCA, police or other relevant agency.

As part of a risk-based approach to the receipt of funds, all parents are encouraged to pay school fees through direct debit from a UK bank account. Staff should not accept payments in cash in excess of £5,000 in any circumstances and, any cash receipt in excess of £5,000 must be approved in advance by the COO or person authorised by the COO.

Precautions must be taken in respect of refunds requested following a payment by credit card or bank transfer. In these cases, refunds should only be made by the same method to the same account, unless authorised by the COO or person authorised by the COO.

Pupil Safety

The practice of pupils carrying large sums of money puts them at risk and should be actively discouraged. Any pupil travelling to the UK from outside the EU carrying in excess of 10,000 euros (or the equivalent or more in another currency), bankers drafts or cheques must complete a cash declaration form on arrival. If this is not completed or is completed incorrectly, the pupil may be subject to financial penalty. In addition, the HMRC has the power to seize the money upon arrival if they have any suspicions about its source or purpose.

Reviewed: January 2021
Reviewer: Senior Leadership Team
Next Review: January 2022
Author: COO

APPENDIX I

Grounds for suspicion and identifying risk:

It is not possible to produce an exhaustive list of the matters that might give rise to a suspicion of money laundering or other financial crime. It is therefore important that staff are provided with training in the general issues and encouraged to use their own judgement when looking at any new business relationship or transaction.

One evident warning sign does not necessarily indicate money laundering but should be considered as a whole to build a picture of the transaction.

The following are some of the possible warning signs:

Generic:

- Any overpayments for no good reason;
- Any doubt as to the ability of a person to have a legitimate source of the funds received;
- Significant changes in the size, nature and frequency of transactions with a fee-payer or donor that is without reasonable explanation, for example if payments start to be made from a different jurisdiction;
- Cancellation, reversal or requests for refunds of earlier transactions;
- A history of poor business records, controls or inconsistent dealing;
- Requests for account details outside the normal course of business;
- Payment of any substantial sum in cash (over £5,000);
- Payments that involve complex or illogical arrangements that make it unclear who is making the payment.

Behaviour:

- Unusually secretive behaviour, including reluctance to provide requested information without a reasonable explanation;
- Doubts about the honesty, integrity, identity of the people involved;

Geographical area:

- Are the parent's native to, or resident in a high-risk country, The Financial Action Task Force (FATF) identifies countries which are considered to have less rigorous processes in place to combat money laundering and terrorist financing <https://www.fatf-gafi.org/>
- Are there doubts about the parent's location?

Political status:

- Is the parent engaged in unusual private business given they hold a prominent public title or function?

Third Party Referrals:

- Involvement of a third party without a logical reason or explanation. Have you or others been instructed at a distance, asked to act outside your usual speciality, or offered an unusually high fee?