



**BISHOP GROSSETESTE UNIVERSITY**

**Document Administration**

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## **BISHOP GROSSETESTE UNIVERSITY**

### **Anti Money Laundering Policy and Procedure**

#### **Policy Aims**

The University is committed to ensuring the highest standards of probity in all of its financial dealings. It will therefore ensure that it has in place proper, robust financial controls so that it can protect its funds and ensure continuing public trust and confidence in it. Some of those controls are intended to ensure that the University complies in full with its obligations not to engage or otherwise be implicated in money laundering or terrorist financing. This policy sets out those obligations, the University's response and the procedures to be followed to ensure compliance.

#### **What is money laundering?**

Money laundering is the process by which criminally obtained money or other assets (criminal property) are exchanged for 'clean' money or other assets with no obvious link to their criminal origins.

Criminal property may take any form, including money or money's worth, securities, tangible property and intangible property. It also covers money, however come by, which is used to fund terrorism.

Money laundering activity includes:

- Acquiring, using or possessing criminal property
- Handling the proceeds of crimes such as theft, fraud and tax evasion
- Being knowingly involved in any way with criminal or terrorist property
- Entering into arrangements to facilitate laundering criminal or terrorist property
- Investing the proceeds of crimes in other financial products
- Investing the proceeds of crimes through the acquisition of property/assets
- Transferring criminal property.

#### **Legislation and regulations relating to money laundering**

The Money Laundering Regulations 2007 <http://www.hmrc.gov.uk/mlr/getstarted/intro.htm>

The Proceeds of Crime Act 2002  
<http://www.legislation.gov.uk/ukpga/2002/29/contents>

The Terrorism Act 2006  
<http://www.legislation.gov.uk/ukpga/2006/11/contents>

#### **University obligations**

The University has a responsibility to;

- Appoint a Money Laundering Nominated Officer (MLNO) to receive, consider and report as appropriate, disclosure of suspicious activity reported by employees.
- Implement a procedure to enable the reporting of suspicious activity.

- Maintain customer identification procedures to 'know your customer', in relevant circumstances. Maintain adequate records of transactions.

### **Employee obligations**

Money laundering legislation applies to ALL employees. Potentially any member of staff could be committing an offence under the money laundering laws if they suspect money laundering or if they become involved in some way and do nothing about it. If any individual suspects that money laundering activity is or has taken place or if any person becomes concerned about their involvement it must be disclosed as soon as possible to the MLNO.

Failure to do so may result in you being personally liable to prosecution.

- Guidance on how to raise any concerns is included Appendix 1.

### **The main money laundering offences**

There are three principal offences – concealing, arranging, and acquisition/use/possession.

**Concealing** is where someone knows or suspects a case of money laundering, but conceals or disguises its existence. **Arranging** is where someone involves himself or herself in an arrangement to assist in money laundering. **Acquisition** (etc) is where someone seeks to benefit from money laundering by acquiring, using or possessing the property concerned.

There are also two "third party" offences – failure to disclose one of the three principal offences, and "tipping off". **Tipping off** is where someone informs a person or people who are, or are suspected of being, involved in money laundering, in such a way as to reduce the likelihood of their being investigated, or so as to prejudice an investigation.

All the money laundering offences may be committed by an organisation or by the individuals working for it.

### **The Money Laundering & Proceeds of Crime Nominated Officer (MLNO)**

The University Director of Finance is the officer nominated to receive disclosures in respect of suspected transactions or activity within the University. In the absence of the MLNO the Financial Accountant is authorised to act as the Deputy.

### **Disclosure Procedure to be followed by Individuals**

Where you know or suspect that money laundering activity is taking or has taken place, or you become concerned that your involvement in a transaction may amount to a breach of the regulations, you must disclose this immediately to your line manager. If in consultation with your line manager reasonable suspicion is confirmed a disclosure report must be made to the MLNO. This disclosure should contain the details described in Appendix 1 and should be completed the same day the information came to your attention. Should you not do so you may be personally liable to prosecution under the regulations.

### **Conclusion**

Instances of suspected money laundering are likely to be rare given the nature of

services provided by the University. However we must be aware of the legislative requirements, as failure to comply would have serious implications for both the University and individuals concerned.

Please take prompt action referring to the guidance in this policy and if you have any suspicions please consult your line manager or the MLRO about your concerns.**Legislation and regulations relating to money laundering**

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## **Anti Money Laundering Procedures**

### **Money Laundering Warning Signs**

Payments or prospective payments made to or asked of the University can generate a suspicion of money laundering for a number of different reasons. For example:

- large cash payments (over £10,000 is considered large, but the Financial Regulations specify not cash transactions above £2,500);
- multiple small cash payments to meet a single payment obligation;
- payments or prospective payments from third parties, particularly where there is no logical connection between the third party and the student, or where the third party is not otherwise known to the University, or where a debt to the university is settled by various third parties making a string of small payments;
- payments from third parties who are foreign public officials or who are politically exposed persons ("PEP");
- payments made in an unusual or complex way;
- unsolicited offers of short-term loans of large amounts, repayable by cheque or bank transfer, perhaps in a different currency and typically on the basis that the University is allowed to retain interest or otherwise retain a small sum;
- donations which are conditional on particular individuals or organisations, who are unfamiliar to the University, being engaged to carry out work;
- requests for refunds of advance payments, particularly where the University is asked to make the refund payment to someone other than the original payer;
- a series of small payments made from various credit cards with no apparent connection to the student and sometimes followed by chargeback demands;
- the prospective payer wants to pay up-front a larger sum than is required or otherwise wants to make payment in advance of them being due;
- prospective payers are obstructive, evasive or secretive when asked about their identity or the source of their funds or wealth;
- prospective payments from a potentially risky source or a high-risk jurisdiction;
- the payer's ability to finance the payments required is not immediately apparent or the funding arrangements are otherwise unusual.

### **Reporting details of any suspected Money Laundering Activity to the Money Laundering Nominated Officer**

If you have any concerns then it is your responsibility to contact the University MLNO with the following information:

- Name(s) and address(es) of person(s) involved including relationship with the University. Nature, value and timing of activity involved.
- Nature of suspicions regarding such activity.
- Have you discussed your suspicions with anyone and if so on what basis.
- Is any aspect of the transaction(s) outstanding and requiring consent to progress?
- Any other relevant information that may be useful.

## **Annual Risk Assessment**

The University will conduct an annual risk assessment to identify and assess areas of risk in relation to money laundering specific to the University, and also identify any additional procedures needed to prevent and detect potential money laundering.

Specific areas to be reviewed are likely to include:

A review of cash income received by the University in the financial year, and the source of that income for receipts above £1,000 (several smaller cash payments together will make for a larger sum);

A review of refunds made during the year directly by the University for both student fees and other sales, for amounts above £1,000;

A review of overpayments that were made during the financial year by customers to the University, and how these were resolved;

A review of donations over £1,000 made to the University and any conditions associated with the donations;

Confirmation that University departments that are working with new customers, have processes in place to establish the identity of the new customers;

The Director of Finance will report the outcome of the annual Anti Money Laundering Risk Assessment to the Chief Operating Officer.

## **Training and Communication on Anti Money Laundering**

The following actions will take place to support the Policy:

- All new finance staff to receive training on Anti Money Laundering as part of their induction;
- This policy and procedure to be placed on the BGU intranet.