

Anti–Money Laundering, Terrorist Financing and Proceeds of Crime

Policy Statement

Halesowen College has zero tolerance of money laundering and has a policy explaining what is meant by money laundering, how the legislation impacts on the College and procedures for reporting any concern .

POLICY

Purpose

The purpose of this document is:

- To provide systems and processes to respond quickly and effectively into allegations of money laundering
- To outline how the legislation impacts on Halesowen College
- To be clear about roles and responsibilities
- To provide instruction how and to whom concerns should be reported both internally and externally.

This policy forms part of suite of policies including:

- whistleblowing
- gifts and hospitality
- anti-bribery
- anti-fraud
- risk management

This document provides an explanation of the College's framework of internal controls and to provide direction and help to staff who find themselves having to deal with suspected cases of money laundering.

This policy is designed to help staff understand the legal and regulatory requirements relating to money laundering and/or terrorist financing. The 2017 Money Laundering Regulations (MLR) updated by The Money Laundering Terrorist Financing (Amendments) Regulations 2019 require that the College has in place written policies, risk assessments and a training record detailing how and when relevant staff have been told about the requirements. MLR apply to all staff. Failure to act on a suspicion of money laundering constitutes an offence and liable to prosecution.

What is Money Laundering?

Money laundering is the term used for a number of offences involving the proceeds of crime or terrorist funds. Traditionally it has been defined as illegal funds being put through a cycle of transactions so that it becomes clean i.e. the source of the illegally obtained funds is obscured through a succession of transfers and deals in order that the funds can appear as legitimate income. However, the definition is now wider and encompasses all proceeds of any crime including terrorism and its funding.

The following acts constitute money laundering:

- Concealing, disguising, converting, transferring or removing (from the UK) criminal property.
- Becoming concerned in an arrangement in which someone knowingly (or suspects) facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Acquiring, using or processing criminal property.¹

'Criminal property' is defined very widely in the law relating to money laundering. It includes the proceeds of crime irrespective of the value of money involved. It is not a term exclusive to large scale organised crime.

There are three internationally recognised phases to money laundering:

- Placement
- Layering
- Integration

Placement occurs when the cash generated from crime is placed into the financial system or used to purchase goods. This is the point at which the proceeds of crime are most apparent and therefore most at risk of detection. Those seeking to place dirty money might therefore target deposit-takers such as banks and building societies or cash businesses such as money service businesses or dealers in high value goods.

Layering is where the dirty money passes through a series of transactions in order to obscure the origin of the proceeds. These transactions may involve different entities, such as companies, public sector organisations and trusts.

Once the original source of funds has been obscured the final stage of the process is for the dirty money to reappear as legitimate funds. This is known as integration. The criminal is subsequently free to enjoy the proceeds of crime with much less fear that they will be identified as criminal funds. Launderers may break down large values of cash into amounts that fall below the query limit.

It is also an offence to tip-off a suspect either directly or indirectly and/or do something to prejudice an investigation.

Legislation

The Proceeds of Crime Act 2002 (PCA) criminalised money laundering. The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 are measures to restrict the opportunities for money laundering by placing obligations on those involved in 'relevant businesses' to establish procedures reporting systems and record keeping to reduce the likelihood of financial irregularity. It is a criminal offence to obtain, conceal, handle, retain or invest assets which are known or suspected to be proceeds of criminal activity (as defined in the UK) regardless of the country of that activity, even if the activity was not an offence in that country.

The Terrorism Act 2000 relates to the proceeds of terrorism, terrorist financing, and terrorist activity. It makes it an offence of money laundering to become concerned in any arrangements relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism.

All individuals in the UK have an obligation to report to the police where they have a belief or suspicion about:

- the financing of terrorism, or
- the proceeds from terrorism, *and*

¹ As defined in The Proceeds of Crime Act 2002 section 327, 328 and 329.

- it relates to information that came to them in the course of a trade, profession, business or employment.

Other offences under the legislation include:

- 'tipping off' (disclosure to the person suspected of a suspicious transaction or to anyone else, except the law enforcement agencies).
- 'failure to report' drug trafficking and terrorist activity (failure to report information to the law enforcement agencies when knowledge or suspicion of money laundering from drug trafficking or terrorist activities has been obtained).
- 'failure to report' (failure to report information to the law enforcement agencies when knowledge or suspicion of money laundering from other criminal activity has been obtained).
- 'assisting money laundering' (failure to report information to the law enforcement agencies when knowledge or suspicion of money laundering from any criminal activity, other than terrorist activity or drug trafficking, has been obtained, but the amounts involved are lower than the €10,000 (sterling equivalent) and so fall outside the jurisdiction of this Act), which is not necessarily an offence.
- failure to train staff.

The following are offences included under terrorist funding:

- fundraising for the purposes of terrorism;
- using or possessing money for the purposes of terrorism;
- involvement in funding arrangements; and
- money laundering (facilitating the retention of control of money which is destined for, or is the proceeds of, terrorism).

It is not a defence for a person charged with an offence to prove that he did not know and had no reasonable cause to suspect that the money laundering related to terrorist property (part 3 of the Terrorism Act 2000). These offences may carry a custodial sentence as well as a fine.

How the Legislation affects the College

The College is subject to the risks surrounding money laundering and has a responsibility for the proper conduct of public business.

Failure to report money laundering or failure to have adequate policies in place to minimise the risk of money laundering may call the integrity of the College into question and may constitute an offence.

In order to comply with the 2017 MLR, the College must:

- conduct a money laundering and terrorist financing risk assessment;
- have robust policies, systems and processes;
- provide training to staff with a written record of these activities;
- conduct appropriate due diligence;
- maintain clear records.

The College is registered with the Office of Fair Trading as a consumer credit financial institution under the Money Laundering Regulations 2017 to enable students and other debtors to pay in instalments. As instalments may span a period of greater than twelve months the College cannot request the exemption outlined in the October 2012 amendment and be removed from the anti-money laundering register for this purpose.

The College has a statutory and moral duty to safeguard students. Young people may be targeted as 'money mules'. Should staff have reports of such criminal action, they must report the potential money laundering in accordance with this policy and also refer to the safeguarding policy and take action.

PROCEDURE

What should I do if I suspect a case of Money Laundering/Terrorist Financing?

If you suspect someone is involved in money laundering/terrorist financing you should take care not to alert the suspect to the fact that you believe that this may be taking place and, avoid any confrontation.

You should report your suspicions immediately to your line manager (if practicable and she/he is not implicated) and the Vice Principal/Chief Operating Officer, who acts as the Money Laundering Reporting Officer for Halesowen College, verbally or in writing. If it is possible you should make a copy of any documentation and make a note of the circumstances. You may wish to report a concern under the Whistleblowing Policy whereby the terms of that policy will be followed. Do not remain silent or try to investigate the matter yourself. Avoid informing anyone else about your concerns as this may prejudice an investigation and be a criminal offence. If you are in a face to face situation and suspect money laundering contact your line manager (if practicable and she/he is not implicated) or Vice Principal/Chief Operating Officer as soon as possible. You should continue with the transaction as you would with any other individual in order to minimise the risk of making the individual aware of your suspicions. Once the individual has left the College and/or it is possible to do so report the incident immediately. The Vice Principal/Chief Operating Officer will discuss your suspicion with the Principal and evaluate whether the transaction may be suspicious and whether to seek specialist advice and/or make a report to the National Criminal Intelligence Service (NCIS) and/or Serious Organised Crime Agency (SOCA). All reports made in good faith will be investigated. Under the requirements of The Terrorism Act 2000 each individual has a legal obligation to report where they have information which they know or believe may be of material assistance in;

- preventing an act of terrorism;
- securing the apprehension, prosecution or conviction of another person for an offence of terrorism.

Should the money laundering allegation in any way relate to suspected terrorism, the College's policies on Prevent must be adhered to as appropriate.

The Vice Principal/Chief Operating Officer will keep the reporter informed as far as is possible of how the investigation is progressing. Halesowen College cannot guarantee the confidentiality of any member of staff who raises a concern especially as the matter may be referred to the police.

In addition to the College's arrangements to support disclosures of suspicious activity that employees may come across in the course of their work, you may also become aware during non-work time of activities that raise a suspicion of money laundering or terrorist related activity. Further information is available on the National Crime Agency website.

Should you suspect terrorist activity, a confidential hotline number is available to contact the police 0800 789 321.

Routine Procedures

Staff should alert the Vice Principal/Chief Operating Officer if someone pays into College a sum of money in cash over £1,000, by completing the form attached in Appendix A. Staff should always ask if a card payment is possible, instead of large cash payments. Whenever there is a large cash

transaction the receipting officer must establish the identity of the payee and the purpose of the payment. For payments of cash in excess of £1,000 staff should ask the payee to provide photo ID and attach an appropriate copy to the form in Appendix A. Credits to the bank account in excess of £10,000 should also be reported using the form in Appendix A. Cash payments in excess of £10,000 (sterling equivalent) cannot be accepted.

It is possible to exclude from this procedure:

- Payment of official invoices debit/credit card.
- Payment direct into the bank from ESFA, Local Authority and Office for Students (including HE partners) provided a satisfactory remittance is received.
- Inter College transfers.

Warning Indicators

Some warning signs of potential money-laundering activity include:

- receiving a sum of money into the bank or in cash which is not expected;
- people paying large invoices/charges in cash;
- someone acting in a way which makes little financial sense.
- a company or individual acting in a way whereby they are happy to enter into an apparent bad deal;
- acting beyond apparent financial means;
- unnecessary routes through third party accounts;
- use of offshore accounts;
- absence of documentation/lack of audit trail.

Money Laundering Reporting Officer

The Vice Principal/Chief Operating Officer is the Money Laundering Reporting Officer and to whom all initial suspicions should be reported. Her role is to decide whether to send a report or disclosure to the National Crime Agency (NCA). Any report would be made using a Suspicious Activity Report (SAR) via the SAR online system at www.nationalcrimeagency.gov.uk. The NCA will reply to any report within seven days and will advise on further action. Contact details for the Money Laundering Officer are;

Jacque Carman
Vice Principal/Chief Operating Officer
Room 1.114, Whittingham Road
Direct Line: 0121 602 7648
Email: jcarman@halesowen.ac.uk

Summary

Robust money laundering procedures are essential for the College and its staff to comply with responsibilities and legal obligations. It falls to individual members of staff, as well as to the College itself, to follow these procedures rigorously.

Breaches of this Policy will be dealt with under the Staff Disciplinary Procedure and may also be a criminal offence subject to a fine, and/or imprisonment. It is therefore essential to disclose a genuine suspicion.

Policy Review

This policy will be reviewed annually in accordance with College procedures.

Review

Reviewed/Approved	By	Date
Updated by	Jacque Carman	17.02.2022
Approved by	CLT	07.03.2022
	Audit Committee	08.03.2022
	Corporation	30.03.2022
Date of Next Review		01.03.2023
Website	Yes / No	Yes



**Payments Received in Excess of £10,000 (single transaction)
and Cash Paid over £1,000**

Date received _____

Method

- Cash (£1,000)
- Cheque (£10,000)
- Direct to Bank Account (£10,000)

Payee _____

Contact Details (if cash payment)

Account banked to

- College
- HCE
- LSF
- Euro Account

Nature/purpose of payment

- Tuition/exam fees
 - Nursery fees
 - Hire of facilities
 - Other (specify)
-

Please attach any remittance advice/additional information and forward to College Accountant or Vice Principal/Chief Operating Officer.

Payment checked to ensure a bonafide payment to Halesowen College

Signed _____ Date _____



Please file with relevant documentation

Money Laundering and Terrorist Financing Risk Assessment

This risk assessment ensures Halesowen College and its wholly owned subsidiary Halesowen College Enterprises Ltd (registered company number 2790416) is compliant with regulation 18 of the 2017 Money Laundering Regulations (MLR).

Halesowen College is a tertiary College providing education and training. It is an exempt charity under the 1992 Education Act and is regulated by the ESFA. In excess of 80% of income is from the funding/government grants and contracts.

Whilst subject to the risks surrounding money laundering, the level of exposure is deemed to be low based on the assessment against the risk factors below.

Aspect		Controls	RAG
Customers	The critical mass of income is from the funding agencies. There are trading areas such as nursery, restaurant, room hire.	Halesowen College does not operate in sectors which by their nature pose a higher risk of money laundering. Work undertaken is for the public benefit. The activities of the trading company are carefully managed and there is robust control environment in place. Due diligence is conducted as appropriate and checks are carried out on commercial customers including room hire	●
Geographic Area of Business	Halesowen College is based in Halesowen in the UK and has no overseas operations.	When trading with a company who do not have a registered office in the UK, then additional checks are carried out for example the college may call for a reference from a school, college or public sector body	●
Products and Services	Halesowen College's core business is the provision of post 16 education.	Robust systems of internal control evaluated by an independent audit team ensure regularity.	●
Transactions	Halesowen College receives income directly into the bank and via debit/credit cards and cash payments are made by BACS and occasionally by cheque.	Financial regulations ensure robust systems of internal control and separation of duties. The anti-money laundering policy provides guidance on high value cash payments and unexpected payments directly into the bank.	●