

# Anti-Money Laundering Policy and Procedure

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University of Northampton

April 2017

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

### **1 Introduction**

- 1.1 This policy is discretionary in nature. Whilst the University expects its employees and staff to comply with this policy, it does not confer contractual rights or form part of any contract of employment and may be amended by the University or replaced at any time following appropriate consultation and negotiation with recognised trade unions.
- 1.2 Breach of this policy may be addressed via the University's disciplinary and code of conduct policies and may also subject staff to severe criminal penalties.
- 1.3 This policy will be reviewed by the Finance department on a 3 year basis or amended in response to changes in future legislation and/or case law.

### **2 Ownership**

- 2.1 The Finance department owns and manages this policy on behalf of The University of Northampton.

### **3 Organisational Scope**

- 3.1 This anti-money laundering policy is a corporate policy and applies to all employees (and workers, as applicable) of The University of Northampton including any wholly owned subsidiaries, unless an alternative policy exists, subject to any qualifying conditions.

### **4 Policy Statement**

- 4.1 The University and its subsidiary companies are committed to the highest standards of ethical conduct and integrity in their business activities in the UK and overseas. This Policy outlines how the University and its employees will manage money laundering risks and comply with its legal obligations so that the highest standards of due diligence are applied.

#### *Obligations of University and Employees in regard to Money Laundering;*

##### *4.2 University Obligations;*

The University has a responsibility to:

- Appoint a Money Laundering Reporting Officer (MLRO) to receive, consider and report as appropriate the disclosure of any suspicious activity reported by employees to the National Crime Agency (NCA).
- 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.

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### 4.3 *Employee Obligations;*

- Money laundering legislation is non-discretionary and applies to all University employees. University employees have a legal responsibility to report to the MLRO if they suspect that money laundering activity is, or has, taken place or if they suspect anyone is involved in money laundering activity.
- A breach of the employee obligations could be regarded as breaching University disciplinary and/or code of conduct policies. Also any member of staff could be committing a criminal offence under the money laundering laws if they suspect money laundering, or if they become involved in some way and do nothing about it.

## **5. Definitions**

### 5.1 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. It relates to any involvement or interaction with the proceeds of crime. 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.

### 5.2 Typical examples of potential money laundering activity relevant to the University include:

- Payment by a person or company of any substantial sum in cash (over £10,000), particularly if they fail to provide proper evidence to confirm their identity and address.
- A person or company doing business with the University lacks proper paperwork, e.g. invoices that exclude VAT, failure to quote a VAT number or invoices issued by a limited company that lack the company's registered office and number.
- A person or company attempts to engage in circular transactions, where a payment to the University is followed by an attempt to obtain a refund from the University's accounts. (This may occur where a student pays a significant sum in fees, and then withdraws and seeks a refund).
- Unusual or unexpected large payments are made into the University's accounts.
- A secretive person or business e.g. one that refuses to provide requested information without a reasonable explanation.

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- Students requesting a large cash transaction, particularly where the cash is used notes or small denominations.
- Absence of any legitimate source for funds received.
- Overpayments for no apparent reason.
- Involvement of an unconnected third party without a logical reason or explanation.
- Significant changes in the size, nature, frequency of transactions with a customer that is without reasonable explanation.
- Requests for payments or refunds after funds have been paid into the University's bank account by a third party, particularly if there is a request to return money to a different account or individual to the payer.
- Cancellation, reversal or requests for refunds of earlier transactions.

### **6.0 The statutory framework and penalties**

6.1 The legislation surrounding money laundering is centred on the following legislation:

- Proceeds of Crime Act (2002) (POCA)
- Money Laundering Regulations (2007)
- Terrorism Act (2002)

*There are further associated offences regarding due diligence and disclosures:*

6.2 Due diligence - criminal offences include:

- Failure to apply customer due diligence.
- Failure to apply on-going monitoring of business relationship
- Failure to comply with timing on verification of clients and any beneficial owner.
- Failure to apply enhanced customer due diligence and monitoring where required.
- Failure to keep required records.
- Continuing with a business relationship where unable to apply customer due diligence.

6.3 Disclosures - criminal offences include:

- Making a disclosure to a person which is likely to prejudice a money laundering investigation ("tipping off").
- Failing to disclose.

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- Prejudicing an investigation.
- 6.4 As well as breaching University disciplinary and/or code of conduct policies, any member of staff could be committing a criminal offence if they suspect or become involved in some way with money laundering and do nothing about it. The criminal penalties for these offences are severe and can mean up to 14 years imprisonment and/or an unlimited fine for the employees and executives responsible. In addition, there would be significant reputational damage for the University.

### **7. Key Principles**

#### *7.1 Who it applies to;*

Money laundering legislation applies to all University staff and Governors, and covers University activities undertaken in the UK or overseas.

#### *7.2 What it applies to;*

7.2.1 Money laundering regulations apply to cash transactions in excess of 15,000 Euros. For the purpose of this policy, this is set at transactions over a sterling equivalent of £10,000. However, the Proceeds of Crime Act applies to all transactions and can include dealings with agents, third parties, property or equipment, cheques, card, cash or bank transfers.

7.2.2 This may include circumstances where a student pays fees exceeding £10,000 by cash or where a student pays a fee for another student who is not present at the time, or a sponsor/third party not known to the University pays fees for students.

7.2.3 Particular rules apply to foreign students, and the immigration service needs to be notified if a student with a visa discontinues their study. Fees paid in advance by foreign students who have subsequently been refused a visa are only refundable providing appropriate documentary evidence is available to demonstrate the circumstances. Refunds must only be made to the person making the original payment, or in the case of a transfer, by payment to the new University.

#### **7.3 Cash payments**

Due to the inherent risks with receiving large amounts of cash, it is the University's policy not to accept cash payments above £10,000 for any purposes including the payment of accommodation or tuition fees.

#### **7.4 Requests for refunds:**

7.4.1 Precautions should be taken in respect of refunds requested following a

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payment by credit or debit card or bank transfer. In these cases, refunds must only be made by the same method to the same account. In the event of an attempted payment by credit or debit card being rejected, the reason should be checked prior to accepting an alternative card. If in any doubt about the identity of the person attempting to make a payment the transaction should not be accepted.

- 7.4.2 Fees paid in advance by overseas students who have subsequently been refused a visa are only refundable in exceptional circumstances. Refunds should only be made to the original bank account of the person making the original payment.

### **8. Procedure - 'Know your Customer'**

- 8.1 It is important that controls are in place to undertake customer due diligence i.e. steps to identify the student, customer or other party dealing with the University. Satisfactory evidence of identity must be obtained. Examples include:
- Passport and/or Visa
  - Birth Certificate
  - Correspondence with students at their home address
  - For third parties, letters or documents proving name, address and relationship
- 8.2 If an organisation is not known to the University:
- Look for letter headed documents
  - Check that invoices show a company's registered office and VAT number
  - Check websites, for example, or request a credit check Company's House, <https://beta.companieshouse.gov.uk/>.
  - Aim to meet or contact key sponsors if you feel appropriate to verify validity of contact.

### **9. Disclosure Procedure to be followed by Individuals:**

- 9.1 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 MLRO.
- 9.2 This disclosure should be made on the form shown at Appendix 1, which should be completed the same day the information came to your attention. If you do not do this, you may be in breach of University disciplinary or code of conduct policies and also personally liable to prosecution under the regulations
- 9.3 Your report should include as much detail as possible including:

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- Full details of the people and/or companies involved including yourself and other members of staff if relevant.
- Full details of the transaction and nature of each person's involvement in the transaction.
- Suspected type of money laundering activity or use of proceeds of crime with exact reasons as to why you are suspicious.
- The dates of any transactions, where they were undertaken, how they were undertaken and the likely amount of money or assets involved.
- Any other information that may help the MLRO judge the case for knowledge or suspicion of money laundering that may help to facilitate any report to the National Crime Agency.

9.4 Once you have reported your suspicions to the MLRO you must follow any instructions given to you. You must not make any further enquiries unless instructed to do so by the MLRO. At no time and under no circumstances should you voice any suspicions to the person(s) you suspect of money laundering, nor should you discuss this matter with any colleagues.

9.5 If appropriate the MLRO will refer the case to the National Crime Agency (NCA) who will undertake any necessary investigation. This may include consent to continue with a particular transaction and care should be taken not to 'tip off' the individuals concerned, otherwise you may be committing a criminal offence. The penalty for tipping off is 5 years imprisonment and/or an unlimited fine.

## **10. Training policy**

- 10.1 Given the mandatory nature of the legislation explained above, it is appropriate that relevant staff undertake anti-money laundering training. It is University policy that this should be for;
- All Finance Department staff
  - Procurement staff
  - International Office staff
  - Partnership Office staff
  - Any other staff members who have responsibility for administering or receiving income on behalf of the University or its subsidiaries

## **11. Approval Process**

To be confirmed

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**12. Version Control**

<b>Version Control</b>		<b>Approval record</b>	
Author:		Approval:	Board Approval
Date written:		Updates:	
Current status:			
<b>Record of Amendments</b>			
Date	Details of Change		Approval



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

### **Appendix 1 - Suspected Money Laundering - Report to the MLRO**

**From:** Faculty /Department:

**Contact Details:** E-mail:

Phone:

#### **DETAILS OF SUSPECTED OFFENCE**

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:

Provide details of any investigation undertaken to date:

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?

Is there any other relevant information that may be useful?

**Signed:**

**Date:**