

Anti-Money Laundering Policy and Procedures

Document owner: Director of Finance

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Related Policies: [Financial Regulations](#), [Public Interest Disclosure Policy](#), [Counter Fraud Policy and Fraud Response Plan](#), [Anti-Bribery Policy](#)

This policy will be reviewed every three years unless there is a change in the UK legislative framework that requires it to be updated and reviewed sooner. Minor updates, for example name changes, will be made periodically on the authority of the Director of Finance as required.

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Further information can be obtained from on [anti-money laundering regulations](https://www.gov.uk/guidance/anti-money-laundering-regulations) gov.uk

1.Introduction

1.1 In response to the Proceeds of Crime Act 2002, the Terrorism Act 2002, the Money Laundering Regulations 2003 and the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017, this policy aims to ensure that the College, its students, employees, contractors, Council members and other related parties, comply with the legislation and that the highest standards of due diligence are applied in relation to 'know your customer' principles.

1.2 This policy sets out the procedure to be followed if money laundering is suspected and defines the responsibility of individual employees in the process.

1.3 The Royal College of Art 'the College' has a zero tolerance policy towards money laundering, and is committed to the highest level of openness, integrity and accountability, both in letter and in spirit. The 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 College.

1.4 This policy applies to all staff of the College and its subsidiary companies and applies to all income and expenditure. Any breach of this policy will be a serious matter, may result in disciplinary action and could result in an employee becoming personally liable to criminal prosecution.

2. What is money laundering?

2.1 The introduction of the Proceeds of Crime Act 2002 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 has broadened the definition of money laundering and has widened the range of activities controlled by the statutory framework.

2.2 Money laundering covers a wide variety of crimes, it can include anything from which individuals or companies derive a pecuniary benefit, directly or indirectly, and can include many crimes that are not initially thought of as connected with money laundering. There is a risk

where there are large volumes of cash transactions and where customer identification is not always easy, for example, cash received from overseas students.

2.3 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 offences include:

- Concealing, disguising, converting, transferring or removing criminal property from England and Wales (Section 327 of the Proceeds of Crime Act 2002 (POCA))
- Arranging, or becoming concerned in an arrangement, which the person who knows, or suspects, or facilitates (by whatever means), the acquisition, retention, use or control of criminal property by or on behalf of another person (Section 328, POCA)
- Acquiring, using or having possession of criminal property (Section 329, POCA)
- Making a disclosure to a person which is likely to prejudice a money laundering investigation ("tipping off") (Section 333, POCA)
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (Section 18, Terrorist Act 2000).

3. College Obligations

3.1 The College 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;
- Implement and maintain 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.

3.2 The College adopts a risk-based approach towards anti-money laundering and conducting due diligence. Whilst much of the College's financial activities could be considered relatively low risk from prospective money laundering, all employees must be vigilant against the financial crime and fraud risks that the College faces. Although instances of suspected money laundering are likely to be rare, given the nature of services provided by the College, failure to comply with legal requirements could have significant implications for both the College and individuals concerned.

3.3 The College assesses risks relevant to its operations, and puts in place the processes and procedures that are necessary to mitigate these risks. We determine the appropriate level of due diligence by looking at the geographic and customer risk factors based on the EU Directive and set out in MLR2017 and analysing the College's potential exposure to money laundering (the source of funds) or terrorist financing (the destination of funds).

4. Employee obligations

Money laundering legislation applies to all College employees. 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 employee 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 MLRO. Failure to do so could result in their becoming personally liable to prosecution. Guidance on how to raise any concerns is included in this policy document.

5. Relevant circumstances

5.1 Money laundering regulations apply to cash transactions in excess of 15,000 euros (or equivalent) with agents, third parties, property or equipment, cheques, cash or bank transfers.

5.2 The College does not accept payment of student fees or donations in cash.

5.3 Particular rules apply to overseas students and the immigration service needs to be notified if a student with a visa discontinues. Fees paid in advance by overseas students who have subsequently been refused a visa are only refundable providing appropriate documentary evidence is available to demonstrate the circumstances. Where appropriate, refunds should only be made to the person making the original payment.

5.4 Precautions should also 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. 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 a person attempting to make a payment the transaction should not be accepted

6. 'Know your customer'

6.1 The College must be reasonably satisfied as to the identity of a student, other customer or third party and satisfactory evidence of identity must be obtained and retained.

6.2 Our customer due diligence follows the principles of Know Your Customer (KYC). The three components of KYC are:

- Ascertaining and verifying the identity of the customer/student i.e. knowing who they are and confirming that their identity is valid by obtaining documents or other information from sources which are independent and reliable. In order to satisfy the requirements, identity checks for money laundering purposes are interpreted as

obtaining a copy of photo-identification (such as a passport) and proof of address (such as a recent utility bill).

- Ascertaining and verifying (if appropriate) the identity of the beneficial owners of a business, if there are any, so that you know the identity of the ultimate owners or controllers of the business.
- Information on the purpose and intended nature of the business relationship i.e. knowing what you are going to do with/for them and why.

Examples include:

- For students:
- Passport and/or Visa
- Birth Certificate

Correspondence with students at their home address for other customers or third parties:

- Letters or documents proving name, address and relationship

For organisations not known to the College the following evidence can be helpful:

- Letter headed documents
- Invoices that show a company's registered office and VAT number
- Checking on limited company authenticity with Companies House
- A credit check

Cheques drawn on an unexpected or unusual source should always be verified with regard to validity of source.

6.6 It is not possible to give a definitive list of ways to identify money laundering or how to decide whether to make a report to the MLNO. The following are types of risk factors, which may, either alone or collectively, suggest the possibility of money laundering activity:

- A new customer, business partner or sponsor not known to the College;
- A person or business that refuses to provide requested information without a reasonable explanation;
- Payment of any substantial sum in cash (over £10,000);
- Concerns about the honesty, integrity, identity or location of the people involved;
- Involvement of an unconnected third party without a logical reason or explanation;
- Overpayments for no apparent reason;

- Absence of any legitimate source for funds received;
- Significant changes in size, nature, frequency of transactions with a customer that is without reasonable explanation;
- Cancellation, reversal or requests for refunds of earlier transactions;
- Requests for account details outside the normal course of business;
- A history of poor business records, controls or inconsistent dealing.

Any other facts which tend to suggest that something unusual is happening and give reasonable suspicion about the motives of individuals.

7. The Money Laundering & Proceeds of Crime Nominated Officer (MLNO)

The Chief Operating Officer is the officer nominated to receive disclosures in respect of suspected transactions or activity within the College. In the absence of the MLNO the Director of Finance is authorised to act as Deputy.

8. Disclosure Procedure to be followed by Individuals

Where you know or suspect that money laundering activity is taking place or has taken place, or you become concerned that your involvement in a transaction may amount to a breach of 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 be made on the pro forma report attached at **Appendix 1**[\[insert link\]](#) 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.

Your report should include as much detail as possible including:

- Full available details of the people, companies 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 exact reasons why you are suspicious;
- The dates of any transactions, where they were undertaken, how they were undertaken and the likely amount of money or assist involved;
- Any other information that may help the MLNO judge the case for knowledge or suspicion of money laundering and to facilitate any report to the National Crime Agency (NCA).

Once you have reported your suspicions to the MLNO you must follow any instructions provided. You must not make any further enquiries unless instructed to do so by the MLNO. 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 the matter with any colleagues.

If appropriate the MLNO will refer the case to the 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.

Action and Disclosure by the MLNO (Money Laundering Nominated Officer)

On receipt of a disclosure report the MLNO will:

- Note the date of the receipt and acknowledge receipt of it
- Assess and advise the individuals concerned when a response can be expected
- Consider the report and any other relevant information, undertaking further enquiries necessary to decide if a report should be made to the NCA

Once the MLNO has evaluated the case a timely determination will be made as to if:

- There is actual or suspected money laundering taking place
- There are reasonable grounds to know or suspect that is the case
- Consent is required from NCA for a particular transaction to proceed

Where the MLNO concludes that the case should be disclosed to the NCA this needs to be done:

- In a timely manner
- In the prescribed manner on a standard format report provided by NCA

Where the MLNO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for transactions to proceed and the disclosure report proforma **Appendix 2** [insert link] will be marked accordingly.

Record Keeping Requirements

By keeping comprehensive records the College will be able to show that we have complied with the Money Laundering Regulations. This is crucial if there is a subsequent investigation into one of our customers/students or transaction.

The types of record kept may include:

- Daily records of transactions
- Receipts
- Chequest
- Paying-in books
- Customer correspondence
- Student identification evidence

Records may be kept in any of the following formats:

- Originals
- Photocopies
- Scanned
- Computerised/ electronic

Records must be kept for five years beginning on either:

- The date a business relationship ends
- The date a transaction is completed

The MLRO will retain any disclosure reports and any associated relevant documents in a confidential file for a minimum of five years.

The College is required to retain records for at least seven years after ceasing to transact with an employee, supplier or customer including records of risk assessment, identity and verification and ongoing monitoring. These records are required for other purposes, such as tax compliance, as well as anti-money laundering.

Conclusion

Instances of suspected money laundering are likely to be rare given the nature of services provided by the College. However we must be aware of the legislative requirements, as failure to comply would have serious implications for both the College 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 MLNO about your concerns.

Appendix 1: Suspected Money Laundering – report to the MLNO

Contact details:.....

From:.....

School/ Dept......

Email.....

Phone.....

Details of suspected offence:

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

Signed:

Date:

Appendix 2: MLNO Report (to be completed by the MLNO)

Date report received:

Date of receipt of report acknowledged:

Consideration of disclosure

Further action required

Are there any reasonable grounds for suspicion requiring a report to be made to the National Crime Agency (NCA)

If YES: confirm date of report to NCA

Link to NCA SAR online reporting system:

[https://www.ukciu.gov.uk/\(pdj2tt35lkvn0qi55uoffn45\)/saronline.aspx](https://www.ukciu.gov.uk/(pdj2tt35lkvn0qi55uoffn45)/saronline.aspx)

Any further details:

Is consent required from NCA to any on-going transactions?

If YES: confirm details and instructions Date consent received Date consent given to staff

If NO: confirm reason for non-disclosure

Signed:

Date: