

ANTI-MONEY LAUNDERING POLICY

1. INTRODUCTION

- 1.1 Keele University is committed to the highest standards of openness, transparency and accountability and to conducting its affairs in accordance with the requirements of the relevant funding and regulatory bodies.
- 1.2 In the UK, the approach to money laundering is generally based on objectives that are specified in legislation and/or Financial Conduct Authority (FCA) rules. These objectives will often be a requirement of an EU Directive and subsequently incorporated into UK law.
- 1.3 The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (MLR 2017) came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering. In doing so, they replace the Money Laundering Regulations 2007 (MLR 2007). The UK Anti-Money Laundering (AML) framework also incorporates the Proceeds of Crime Act 2002.
- 1.4 Money laundering is the process of taking proceeds from crime and corruption and transforming them into legitimate assets. It takes criminally derived "dirty funds" and converts them into other assets. This process conceals the true origin or ownership of the funds and so "cleans" them.
- 1.5 There are three stages in money laundering; placement, layering, and integration. Placement is when the proceeds of crime enter into the financial system. Layering is the process of distancing the proceeds from its original criminal source through layers of financial transactions. Integration is when the criminal proceeds are then used in some way, appearing to be from a legitimate source.

2. DEFINITIONS / GLOSSARY

- 2.1 AML – Anti-Money Laundering
- 2.2 MLR 2017 - The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017
- 2.3 SAR – Suspicious Activity Report
- 2.4 NCA – National Crime Agency
- 2.5 EDD – Enhanced Due Diligence
- 2.6 SDD – Simplified Due Diligence

3. PURPOSE

- 3.1 The University will not tolerate activities that could be construed as money laundering, corruption, fraud or dishonesty. Members of the University are required to conduct business honestly, fairly and professionally to support the University's commitment to the prevention of these activities.
- 3.2 The Anti-Money Laundering (AML) Policy is in place to set out the University's responsibilities to observing and maintaining its commitment to AML. It is also to raise awareness of people working for and with the University to be able to recognise when money laundering may be taking place and what action to take to prevent that in the first instance, or to deal with it should it arise.
- 3.3 The University must be able to demonstrate that it has effective procedures in place that mitigate the risk of being implicated in money laundering activities.

4. SCOPE

- 4.1 This policy applies to all employees of the University, members of University Council, and also applies to third parties undertaking business on behalf of the University.
- 4.2 The policy applies to all University activities undertaken in the UK or overseas.
- 4.3 The legislation outlines a number of offences including:
 - Failing to report knowledge or suspicion of money laundering
 - Failing to have adequate procedures to guard against money laundering
 - Knowingly assisting money launderers
 - Tipping –off suspected money launderers
 - Recklessly making a false or misleading statement in the context of money laundering.
- 4.4 The penalties for breaching money laundering legislation are severe. Individuals connected with any stage of money laundering could face unlimited fines and / or prison terms ranging from 2 to 14 years, depending on the offence. The University could also face a range of sanctions for non-compliance, imposed by HM Revenue and Customs (HMRC) and/or the Financial Conduct Authority (FCA).

5. POLICY

5.1 Risk Assessment

Money laundering regulations require the University to assess its operations and activities with regard to the potential exposure to money laundering. There are four main areas of risk that need to be considered:

- Product/Service Risks associated with our standard product and service offerings (for example teaching, research, conferencing activities).
- Jurisdictional Risks associated with geography, location and jurisdiction including, but not limited to, the University's countries of operation, the location of customers (including our students), suppliers and agents.
- Customer/Third Party Risks associated with the people and/or organisations that we undertake business with. This could be students, customers, suppliers and anyone else who has a contractual relationship with the University.
- Distribution Risks associated with how we undertake business, including direct and indirect relationships (for example via an agent or third party), face-to face, digital/online, telephone.

5.2 Risk Mitigation

The University needs to have systems and internal control mechanisms to mitigate the risk of money laundering. Further details are contained in the Financial Regulations which can be found at <https://www.keele.ac.uk/finance/regulations/>. Typical risks may include the following:

Potential Risk	Response
A large cash payment is received	Cash payments will not be accepted. Any attempt to pay in cash will be refused and the payer will be asked to use an alternative payment method.
Unusual or large payments are made into the University bank accounts.	The University will make every effort to establish what the payment is for. The University bankers also advise on high risk countries where financial transactions are either prohibited or heavily restricted.
Refund requests	All refunds should be carefully scrutinised and particularly where the original payment came from an overseas bank account. Refunds

	in respect of overseas payments will only be processed back to the original bank account. The reason for the refund must always be verified before approval is given.
Involvement of an unconnected third party in a contractual relationship without any logical explanation	The University should ensure that any additional relationships are carefully scrutinised as part of its due diligence.
Any person or organisation that proposes to do business with the University without the necessary paperwork	Supplier approval would be managed and approved with reference to University Procurement procedures.

The Finance Directorate will maintain records of all financial transactions for a minimum of 6 years in accordance with HMRC regulations. This will include details of payments made in cash and all refunds processed.

5.3 Cash Thresholds

The limit for cash payments as outlined in MLR 2017 has been reduced from €15,000 (approx. £13,500) to €10,000 (approx. £9,000). It is deemed best practice to avoid accepting large cash payments for both security reasons and the risk of money laundering. It is therefore University policy not to accept cash payments. Any attempt to pay by cash will be refused and the payer asked to pay using an alternative method.

5.4 Receiving Payments

Cash payments will not be accepted in any circumstances.

5.5 Know Your Customer

Anti-Money Laundering regulations require that the University must be reasonably satisfied as to the identity of the customer that they are engaging with in a contractual relationship. To discharge the “reasonably satisfied” requirement the University must for example have obtained a minimum level of personal information from a student before entering into a contract.

5.6 Processing Refunds

The University will undertake appropriate checks before any refund is processed to verify;

- The identity of the person requesting the refund
 - The reason that a refund has been requested
 - The refund has been authorised by someone with delegated authority
- Where the original payment has been received from abroad, the refund will only be made back to that same bank account. Requests to refund to a UK bank account are not permitted. The University’s policy in refunds is

available at

<https://www.keele.ac.uk/finance/income/informationforstudents/>

5.7 University Contractual Agreements

Due Diligence

Under MLR 2017 the University is required to:

- Identify the customer / supplier and verify their identity on the basis of a reliable independent source (such as a passport)
- If the customer / supplier is an organisation or legal entity, take reasonable measures to understand its ownership and control structure.
- Assess and, where appropriate, obtain information on the purpose and intended nature of the business relationship or transaction.

The University's need to comply with the requirement to undertake due diligence may differ from case to case but must reflect an assessment of the level of risk arising in the particular case.

Credit Checks

The University should undertake credit checks as part of its due diligence to ensure credit-worthiness of potential customers. More detail is contained in Section 7 of the University's Financial Regulations and related control procedures on credit checking.

Simplified due diligence (SDD)

Simplified due diligence is permitted where it is determined that the business relationship or transaction presents a low risk of money laundering, taking into account the risk assessment.

Regulation 37(3) of the MLR 2017 sets out a list of factors to be taken into account in determining whether a situation poses a lower risk of money laundering, such that SDD measures can be applied.

Enhanced due diligence (EDD)

Regulation 33(1) of the MLR 2017 sets out a list of circumstances in which EDD measures must be applied, which includes any transaction or business relationship involving a person established in a 'high risk third country', or any transaction or business relationship involving a 'politically exposed person' (PEP) that presents a higher risk of money laundering. Regulation 33(6) of the MLR 2017 sets out a list of factors that must be taken into account in assessing whether there is a higher risk of money laundering and terrorist financing present in a given situation and the extent of EDD measures that should be applied.

Under the MLR 2017 EDD measures must include, as a minimum, examining the background and purpose of the transaction and increased monitoring of the business relationship.

Full details of the MLR 2017 can be found at
http://www.legislation.gov.uk/uksi/2017/692/pdfs/uksi_20170692_en.pdf

5.8 Financial Sanctions Targets

The UK Government publishes frequently updated guidance on financial sanctions targets, which includes a list of all targets. This guidance can be found at

<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>

The list provides information to assist in deciding whether the University is dealing with someone who is subject to sanctions. The University should ensure it has no relationship with any individuals on this list.

6. ROLES AND RESPONSIBILITIES

6.1 Director of Finance

The Director of Finance has specific responsibility for the Anti-Money Laundering Policy, which will be reviewed and monitored by the Audit and Risk Committee.

6.2 Money Laundering Reporting Officer (MLRO)

The nominated MLRO will be the primary contact for any further information, or to report any suspicious activity. The MLRO is

Lee Bestwick
Financial Services Manager
Telephone: 01782 734387
Email: l.a.bestwick@keele.ac.uk

6.3 All Members of the University - Reporting Suspicious Activity

A Member of the University who needs to report suspicious activity must complete the Suspicious Activity Report (SAR) which is detailed in Annex A. The SAR should contain as much information as possible in order for the MLRO to make an informed judgement, and the report should be made in the strictest confidence.

All Members of the University have an obligation to report any suspicious activity to the MLRO. It is an offence under the current legislation to fail to report / have knowledge of money laundering activity. The MLRO will receive all reports of suspicious activity and consider whether there is, or appears to be, any evidence of money laundering. The MLRO will report any findings to the Director of Finance who will then proceed in accordance with the University's approved Fraud Response Plan.

If the activity is deemed to be suspicious it will need to be reported by the MLRO to the National Crime Agency (NCA) who will advise on any further action necessary. The University must also consider whether it needs NCA consent before proceeding with a potentially suspicious transaction.

6.4 Training

The University will ensure that members of staff with finance responsibility receive appropriate anti money laundering training as part of their induction. Each member of the team will be required to sign a record to verify that they have read and understood this policy. Refresher training shall take place at each revision of the policy.

7. RELATED POLICIES AND PROCEDURES

This policy should be read in conjunction with the following:

- University Financial Regulations
- Procurement Procedures
- Refunds Policy
- Whistleblowing Policy
- Fraud Response Procedure

8. REVIEW, APPROVAL AND PUBLICATION

- 8.1 The Anti-Money Laundering Policy is subject to review every 3 years by the Director of Finance, or following a change to relevant UK legislation.
- 8.2 Updates to the Anti-Money Laundering Policy will be reviewed by the Audit and Risk Committee and final approval will be given by University Council.
- 8.3 The Anti-Money Laundering Policy is located on the University Policy Zone and the Finance Directorate webpages at <https://www.keele.ac.uk/finance/fraud/> or by contacting the Financial Services Manager.

9. DOCUMENT CONTROL INFORMATION

Document Name	Anti-Money Laundering Policy
Owner	Paul Buttery, Director of Finance
Version Number	V1.1
Equality Analysis Decision and Date	N/A
Approval Date	26/06/2020
Approved By	Council – on the recommendation of ARC
Date of Commencement	26/06/2020
Date of Last Review	04/07/2019
Date for Next Review	26/06/2023
Related University Policy Documents	Fraud Response Procedure; Financial Regulations; Whistleblowing Policy
For Office Use – Keywords	

ANNEX A

CONFIDENTIAL – SUSPICIOUS ACTIVITY REPORT (SAR)	
From:	Department:
Contact Details :	
DETAILS OF SUSPICIOUS ACTIVITY	
Name(s) and address(es) of person(s) involved, including relationship with the University:	
Description, value and timing of activity involved:	
Nature of suspicions regarding activity:	
Details of any enquiries you may have undertaken to date:	
Have you discussed your suspicions with anyone? If yes please provide details below.	
Is any aspect of the transaction(s) outstanding and requiring consent to progress?	
Signed:	Date:

<p>Please send your completed form to:</p>	<p>Private & Confidential Financial Services Manager Finance Department, IC2 Building Keele University ST5 5NH</p>
---	---

