

Royal Northern College of Music

Anti-Money Laundering Policy

Policy & Procedure

Department: Finance

**Document owner: Director of
Finance**

**Approval Committee: Audit
Committee**

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1. Introduction

- 1.1 The College is committed to the highest standards of ethical conduct and integrity in its business activities in the UK and overseas. This Policy outlines how the College and its employees will manage money laundering risks and comply with its legal obligations in accordance with relevant legislation.
- 1.2 This Policy applies to all staff & Governors of the College and also sets out the procedure to be followed if money laundering is suspected, and defines the responsibility of both the College and individual employees in the process.
- 1.3 This Policy should be read in conjunction with the College's Anti-Bribery and Anti-Fraud Policy, Criminal Finances Act 2017 Statement and the Public Interest Disclosure (Whistleblowing) Policy.

2. Definition of Money Laundering

- 2.1 The statutory framework surrounding money laundering is centred on the following legislation:
 - Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017).
 - Proceeds of Crime Act 2002 (as amended).
 - Terrorism Act 2000 (as amended).
- 2.2 The term *Money Laundering* has a broad definition. It includes concealing, disguising, converting, transferring or removing criminal property from the UK. It also includes acquiring, using or possessing criminal property. The definition extends further to cover entering into arrangements to help another person in the acquisition, retention, use or control of criminal property.
- 2.3 Criminal property is a person's benefit from criminal conduct where the alleged offender knows or suspects that the property constitutes or represents such a benefit. It is specifically provided in the legislation that concealing or disguising criminal property includes concealing or disguising its nature, source, location, disposition movement or ownership or any rights with respect to it.
- 2.4 In addition to the primary offences above, other offences include:
 - failing to have adequate procedures to guard against money laundering
 - failure to report knowledge and/or suspicion of the primary offences
 - recklessly making a false or misleading statement in the context of money laundering, and
 - tipping off – where someone informs a person or people who are, or who are suspected of being, involved in money laundering in such a way as to reduce the likelihood of them being investigated or prejudicing an investigation.

3. College Obligations

- 3.1 The College has a responsibility to:
 - nominate an officer who will receive, consider and report as appropriate the disclosure of any suspicious activity within the College. The Director of Finance will act as the College's Money Laundering Reporting Officer (MLRO) with the Deputy Academic Registrar as the Deputy.

- adopt and maintain policies, controls, and procedures to mitigate any financial crime risks based on a risk-based approach.
- be satisfied as to the identity of its customers, as part of a customer due diligence processes before commencing a relationship (“Know Your Customer” requires satisfactory evidence of the student identity at enrolment comprising name, permanent address and/or date of birth obtained from passport, visa, birth certificate and correspondence showing home address. For third party sponsors the evidence would include letters or documents proving name, address and relationship to the student. For organisations not known to the College due diligence would include web-site, credit check, information provided on a letterhead or as appropriate, in person meetings).
- maintain adequate records of the transaction and identity of its customer, and where appropriate documentation confirming the identity of the customer and a full audit trail of the transaction(s) must be retained for a period of no less than 5 years.
- implement a procedure to enable the reporting of suspicious activity. Any member of staff who has reason to believe money laundering has taken place, or who has concerns or suspicions regarding possible indications of money laundering must disclose this to the MLRO immediately. If the MLRO considers the information to give knowledge or suspicion of money laundering, they must forward a suspicious activity report (SAR) to the National Crime Agency (NCA). The NCA will consider the information provided and will either give or refuse consent to complete the transaction.
- provide relevant members of staff with training on the key aspects of anti-money laundering requirements.

4. Employee obligations

- 4.1 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.
- 4.2 Whilst the risk to the College of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities; serious criminal sanctions may be imposed for breaches of the legislation. The key requirements on employees is to promptly report any suspected money laundering activity to the MLRO and to ensure that they do not discuss their concerns with anyone else at any time. Failure to comply with these requirements may result in a member of staff being personally liable to prosecution.
- 4.2 Guidance on how to raise any concerns is included in this policy document overleaf.

5. Relevant circumstances

- 5.1 Money laundering regulations apply to cash transactions in excess of 10,000 Euros - or equivalent (this applies whether the transaction is executed in a single operation or in several operations which appear to be linked). It should be noted, however, that the Proceeds of Crime Act applies to all transactions and can include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers.
- 5.2 By way of example at the College, this may include circumstances where a student pays fees exceeding the 10,000 euro-equivalent by cash or where a student pays a fee for another student who is not present at the time, or where a sponsor/third party not known to the College pays fees for students. It is always best practice to avoid accepting large cash payments for reasons associated with security and the risks associated with money laundering.

- 5.3 Fees paid in advance by international students who have subsequently been refused a visa are only refundable when appropriate documentary evidence is available to demonstrate the circumstances. Where appropriate, refunds should only be made to the person making the original payment or, in the case of a student transferring, by payment to the new College.
- 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 the person attempting to make a payment the transaction should not be accepted.
- 5.5 A further example is invoices issued by a limited company that lack the company's registered office and number. Such information can be verified on the Companies House website (www.companies-house.gov.uk).

More Examples of Money Laundering

- 5.6 Other typical examples of money laundering risks include:
- Payment by a person or company of any substantial sum, particularly if they fail to provide proper evidence to confirm their identity and address.
 - A person or company doing business with the College lacks proper paperwork, e.g. invoices that exclude VAT when VAT would be appropriate, failure to quote a VAT number.
 - A person or company attempts to engage in circular transactions, where a payment to the College is followed by an attempt to obtain a refund from the College'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 College's accounts.
 - A secretive person or business e.g. that refuses to provide requested information without a reasonable explanation.
 - Students making a large cash transaction, particularly where the cash is made up of 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 College'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.

Please note: this list is not intended to be exhaustive, but provides a general indication of the range of matters covered by this Policy.

- 5.7 The College should always be vigilant where there are concerns about the honesty, integrity, identity or location of the people involved.

6. Disclosure Procedure to be followed by Employees

- 6.1 Where employees know or suspect that money laundering activity is taking or has taken place, or where they become concerned that their involvement in a transaction may amount to a breach of the regulations, they must disclose this immediately to their line manager and then co-operate fully with any investigations into reported concerns.
- 6.2 If in consultation with the line manager reasonable suspicion is confirmed, a disclosure report must be made to the MLRO. This disclosure should be made on the pro-forma report attached to this Policy and should be completed on the same day the information came to your attention. Failing to do so may make an employee personally liable to prosecution under the regulations.
- 6.3 The report should include as much detail as possible including:
- Full available details of the people/companies involved including the employee who is suspicious 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 for the suspicions.
 - 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 and to facilitate the report to the National Crime Agency (NCA) if appropriate.
- 6.4 Once any suspicions have been reported to the MLRO, employees must follow any instructions provided. Employees must not make any further enquiries unless instructed to do so by the MLRO. At no time and under no circumstances should employees voice any suspicions to the person(s) they suspect of money laundering.
- 6.5 If appropriate, the MLRO 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 as this is also a criminal offence.

7. Action and Disclosure by the MLRO (Money Laundering Reporting Officer)

- 7.1 On receipt of a disclosure report the MLRO will:
- note the date of delivery 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 as necessary to decide if a Suspicious Activity Report (SAR) should be made to the NCA online at:
 - [https://www.ukciu.gov.uk/\(bsxeda554e5yql45fw2g4oj2\)/saronline.aspx](https://www.ukciu.gov.uk/(bsxeda554e5yql45fw2g4oj2)/saronline.aspx)

The MLRO will decide 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 the NCA for a particular transaction to proceed.

- 7.2 Where the MLRO concludes that the case should be disclosed to the NCA this needs to be done in a timely manner and in a prescribed NCA format.
- 7.3 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for transactions to proceed and the disclosure report will be marked accordingly.

8. Record Keeping Procedure

- 8.1 All disclosure reports and relevant documents will be retained in a confidential file in the Finance Services Department for six years.
- 8.2 Departments conducting relevant transactions must maintain records of:
- student / Customer identification evidence
 - details of financial transactions carried out.
- 8.3 In practice, departments will routinely create and retain records in the course of normal business and these will be sufficient for this purpose.

CONFIDENTIAL – Suspected Money Laundering Reporting Form	
<i>Please complete and send this to the MLRO using the details below.</i>	
From (name):	Department:
Contact Details:	
DETAILS OF SUSPECTED OFFENCE [Please continue on a separate sheet if necessary]	
Name(s) and address(es) of person(s) involved, including relationship with the College:	
Nature, value and timing of activity involved:	
Nature of suspicions regarding such activity:	
Details of any enquiries you may have 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?	
Any other relevant information that may be useful?	
Signed:	Date:
<i>Do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a ‘tipping off’ offence punishable by imprisonment and/or an unlimited fine.</i>	

MLRO Report (to be completed by MLRO only)			
Date report received: / /		Date receipt of report acknowledged: / /	
Consideration of Disclosure: [Please continue on a separate sheet if necessary]			
Action plan:			
Outcome of consideration of Disclosure:			
Are there reasonable grounds for suspecting money laundering activity?			YES/NO
If there are reasonable grounds for suspicion, will a report be made to NCA?			YES/NO
If <u>yes</u> , please record the date of report to the NCA and complete the details below:			
Date of report: / /			
Details of liaison with the NCA regarding the report:			
Notice Period: to			
Moratorium Period: to			
Is consent required from the NCA for any ongoing or imminent transactions that would otherwise be prohibited acts? If <u>yes</u> , please confirm full details below:			YES/NO
Date consent received from NCA:			/ /
Date consent given by you to employee:			/ /
If there are reasonable grounds to suspect money laundering, but you <u>do not</u> intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:			
Date consent given by you to employee for any prohibited act transactions to proceed:			/ /
Signed		Date:	/ /
THIS REPORT TO BE RETAINED FOR FIVE YEARS			