



QUEEN'S GATE
SCHOOL

ANTI-MONEY LAUNDERING POLICY

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The UK's anti-money laundering regime is primarily concerned with regulated businesses such as banks, solicitors and accountants. Schools are not regulated businesses under the current regime but they (or in some cases their staff) are subject to a number of criminal offences related to bribery and terrorism, the handling of criminal property, the facilitation of money laundering and tax evasion. These are variously individual and corporate offences and some are liable upon conviction to significant fines and terms of imprisonment.

The School could be used as a vehicle through which criminals seek to launder the proceeds of crime or of terrorist acts ("Illicit Funds"). Additionally, the School, or a member of staff, is at risk of committing a money laundering offence if they accept Illicit Funds in circumstances where they have knowledge or a reasonable suspicion that the payment is from Illicit Funds.

Members of staff need to be vigilant to the risk of accepting Illicit Funds and play their role in assisting law enforcement agencies in combatting money laundering. The Proceeds of Crime Act 2002 ("POCA") and the Terrorism Act 2000 (as amended from time to time) impose obligations on the School and staff personally, in respect of money laundering and associated activities. The purpose of this policy is to:-

- provide a clear statement of the School's position regarding the prevention of financial crime;
- ensure that staff are aware of and comply with the requirements of UK anti-money laundering legislation, to the extent that they apply to the School as a charitable organisation operating outside the regulated sector;
- assist staff with identifying "red flags" (see below) that may be indicative of money laundering activities;
- set out the measures that the School has resolved to take, to reduce the risk of it being used as a vehicle through which criminals can launder Illicit Funds; and
- let staff know what they should do if they have a concern that the School is at risk of accepting Illicit Funds.

Linked to this, there are charity law requirements to ensure that reasonable skill and care are used when making decisions about procedures for the receipt and use of the School's funds. See further below.

What is money laundering?

Money laundering is the process by which Illicit Funds are processed or spent to create the appearance that the Illicit Funds have come from a legal source. Although cash-based money laundering continues to be a major method of laundering Illicit Funds in the UK, stricter rules have made it more difficult for criminals to introduce Illicit Funds into the UK banking system. Consequently, criminals are using more inventive methods to disguise the origins of their cash and staff should be alert to practices and payments that they consider to be suspicious, including payments made to the School via bank transfer.

The term 'money laundering' covers several offences, which relate to the improper handling of Illicit Funds. Money laundering underpins most forms of organised crime, allowing

criminals to further their operations. However, it can also benefit individuals engaging in bribery and dishonest activities such as receiving stolen goods or tax evasion.

Money Laundering is described as:

“a scheme in which criminals try to disguise the identity, original ownership, and destination of money that they have obtained through criminal conduct. The laundering is done with the intention of making it seem that the proceeds have come from a legitimate source”.

Money Laundering Offences

The three main offences that may be committed under money laundering legislation are:-

1. **The basic offence** - concealing, disguising, converting, transferring or removing criminal property from anywhere within the UK;
2. **The aiding or abetting offence** - entering into or becoming concerned in an arrangement which a person knows or suspects, facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person; and
3. **The handling stolen goods offence** - acquiring, using or possessing criminal property.

In the context of the above offences, for the purpose of this policy, “criminal property” means “Illicit Funds”, has a broad definition and includes any benefit of any amount and wherever located, deriving from criminal activity. There is no “de minimis” so all Illicit Funds, however small or insignificant, can be laundered and bring an activity within the scope of one of the above offences.

There are also two “third party” offences:-

1. failing to disclose information relating to any of the above money laundering offences; and
2. informing someone who is, or who is suspected of being involved in money laundering activities in such a way so as to reduce the likelihood of them being investigated or doing something that might prejudice an investigation – for example, falsifying or destroying a document.

Additionally, Illicit Funds generated through criminal activity carried on abroad will be within the scope of the money laundering offences if:-

- the conduct generating the Illicit Funds was a criminal offence under the law of the relevant country at the time; and
- the activity would be a criminal offence, punishable by imprisonment of more than one year, had the activity taken place in the UK.

All of the above offences may be committed by an organisation or by individuals working in an organisation.

Risks to the School

The School is potentially vulnerable to being used as vehicle through which a criminal may seek to launder Illicit Funds, for example a criminal may use their Illicit Funds to pay School fees or to make a donation.

Payment of School fees includes (a) using the proceeds of crime to pay School fees and (b) requests for the return of School fees paid in advance.

Donations include (a) large and unexpected donations from unknown individuals, organisations or other sources and (b) unexpected or unexplained requests for the repayment of all or part of a donation.

Although fee payments are clearly an area of risk, as a member of staff, you should remain alert to all payments and if a payment seems unusual, for example where it involves complex banking and transfer arrangements or payments from seemingly unconnected third parties, you should refer the payment to the Bursar.

Whilst the School is unlikely to have satisfied the threshold for committing a money laundering offence where the School or member of staff was unaware that a payment was made from Illicit Funds, as a member of staff, you must not turn a blind eye. Where there are factors, (“red flags”), that indicate a higher risk of potential money laundering activity, you must refer the concern to the Bursar who will consider what further steps or investigations are required before accepting or rejecting the payment.

Even if the School has not committed a money laundering offence, if criminals use Illicit Funds to make payments to the School, being involved in an instance of money laundering may have a severe impact on the School’s reputation.

Key areas of risk for the School

Money laundering can take many forms, but in relation to the School it could involve, but will not be limited to:-

- the payment of fees;
- the payment of fees from third parties;
- the donation of sums to projects for which an appeal is being run;
- the donation of sums for no obvious reason;
- the payment in advance of fees; and
- the requested return of donations or fees paid in advance.

These examples are not exhaustive, and as a member of staff you should remain vigilant in relation to all payments that the School receives.

Schools are at risk of being used by criminals as a vehicle through which the criminal can launder Illicit Funds. For example, a criminal may make a donation to the School using Illicit Funds. In this scenario, it is the criminal who is making the donation who is likely to be committing one of the money laundering offences. However, if the School has knowledge or

suspicion that the donation is being paid from Illicit Funds, the School itself risks committing a money laundering offence by accepting the Illicit Funds.

Money Laundering Reporting Officer's ("MLRO") responsibilities

The Bursar has been appointed as the School's MLRO. The MLRO receives disclosures from any member of staff, of any suspected money laundering activities and is responsible for:-

- Receiving reports of suspicious activity from staff;
- Considering all such reports and evaluating whether there is (or seems to be) any evidence of money laundering or terrorist financing;
- Reporting any such activity or transaction (or suspected activity or transaction) to the National Crime Agency ("NCA") by submitting a Suspicious Activity Report ("SAR");
- Considering whether or not a report should be made to the Charity Commission; and
- Ensuring that proper records are maintained on all relevant activities or transactions.

Checks for new parents

Whenever a new parent joins the School, the checklist at Appendix 1 to this policy is completed by the Director of Admissions who then passes it to the Bursar for final completion.

Requests to make a payment in excess of one Term's School fees

In exceptional cases, the School may allow a payment to be made in excess of one Term's School fees. Before agreeing to accept the larger payment, the Bursar will consider the circumstances relating to the payment. The Bursar must obtain evidence to satisfy the School that the payment is being made from a legitimate source. Such enquiries might include asking the parent for:

- an explanation of why the larger payment is being made;
- information on how the money was obtained; and
- proof of this.

The Bursar must consider the explanation and information provided by the parent and decide whether the School is able to accept the larger payment. In each case, the Bursar will make and retain a record of the decision made and the supporting evidence. Where the parent is not able to provide a satisfactory explanation, the School must not accept the larger payment.

If the Bursar is not satisfied that the funds are clean, the Bursar must consider whether, in the circumstances the School should:

- make a suspicious activity report (SAR) to the National Crime Agency (NCA); and
- make a report to the Charity Commission.

Cash payments

Criminals are increasingly inventive in finding ways to introduce Illicit Funds into the banking systems and although payments made through a bank transfer cannot guarantee that the funds are not from Illicit Funds, the risk to the School is increased where the School accepts payments in cash. Accordingly, it is the exception that cash payments of more than £150 are accepted. Further, the School does not accept payments in the form of Digital money.

Donations/Fundraising

Donations are a particular area of potential risk faced by the School. To mitigate the risk, the School should know, at least in broad terms, where the money it is being given comes from, and should be able to identify and be assured of the provenance of substantial donations. A good, open and transparent relationship between the School and its donors is essential for building trust and confidence.

The School carries out procedures that help it to identify donors before accepting or entering into a relationship or transaction with them. The School will, where applicable:-

- identify the donor and verify their identity;
- take adequate measures where some donors want or need their privacy intact;
- accept that in some cases, the identity of the donor may not be easy to verify, in which case other measures need to be developed;
- continuously monitor the situation; and
- maintain proper records of all checks made.

Good due diligence will help to:

- assess any risks to the School that may arise from accepting a donation or types of donations;
- ensure that it is appropriate for the School to accept money from the particular donor;
- give the School reasonable assurance that the donation is not from any illegal or inappropriate source; and
- ensure that any conditions that may be attached the donation are appropriate and can be accepted.

Where a donation is being made, the relevant member of staff should review what they know about the donor and the proposed payment using the checklist in Appendix 2 to this policy. The completed checklist must be provided to the Bursar who will keep a record of the findings.

If when completing the checklist, the member of staff identifies any red-flags, the member of staff must report the concern to the Bursar immediately.

Requests for repayments

The School's policy is that any refunds or repayments of sums paid to the School can only be remitted to the bank account that made the payment. If a parent or donor asks for a refund to be made to a different account, in particular one that belongs to someone other than the original payer, you must refer this to the Bursar promptly.

Charity Commission

When accepting payments or donations, the School needs to be confident that it knows both:-

- who is making the payment or donation; and
- the source of funds that are being used to fund the payment.

The School will also use the following Charity Commission advice to assess the risk of money laundering:-

- **'identify'** who the School is dealing with;
- **'verify'** where reasonable, and if the risks are high, verify identities;
- **'know what the organisation's or individual's business is'** and be assured this is appropriate for the School to be involved with;
- **'know what their specific business is with the School'** and have confidence that they will deliver what we want them to; and
- **'watch out'** for unusual or suspicious activities, conducts or requests.

If the School is not satisfied with the explanation or evidence provided to support these factors, the School will obtain further information from the parent or donor. The section below ***"What warning signs should staff be alert to?"*** provides an indication of the circumstances when the School must carry out further investigations about the payer.

What warning signs should staff be alert to?

The Annex to this policy provides members of staff with a non-exhaustive checklist of potential red flags that may indicate a higher risk of potential money laundering. These questions form part of the School's risk assessment when accepting payments. They are potentially relevant to all transactions and payments accepted by the School.

The School is not expected to consider every payment in detail against the red flag checklist and will consider payments on a risk basis. The Bursar has identified the payments listed below as being payments that may expose the School to a higher risk of money laundering. If a proposed payment is within one of the specified risk categories, you must complete the red flag checklist (see the Annex to this policy), before the School can accept the payment:-

- payments of fees in advance
- requests for repayment of fees paid in advance
- donations
- requests for repayment of donations
- cash payments over £150
- payments from high-risk countries
- payments from a politically exposed person ("PEP")

The Bursar has identified countries that it considers to be high-risk countries and will review and update this list on a regular basis. You should ask the Bursar for the most recent list of countries when you are considering whether a payment is a potentially high-risk payment.

Where payments are within one of the risk categories listed above, members of staff must consider the payment against the red flag checklist before the payment can be accepted by the School. You must promptly report any concerns to the Bursar and advise him of the following information:-

- details of the people involved;
- the type of transaction;
- the relevant dates;
- why there is a suspicion;
- when and how activity was undertaken; and
- likely amounts involved.

All staff, but particularly those staff who in the course of their day-to-day work, are likely to deal with financial transactions, including the payments of fees and donations, must ensure that they are familiar with the checklist and understand the nature of the red flags that should be reported to the Bursar. If you identify a red flag in relation to any payment or proposed payment, you must report your concerns to the Bursar immediately.

Where you make a report to the Bursar ***you must not discuss your concerns*** with any other person, including other members of staff, pupils, parents or a donor as this could result in you, or the School, committing a secondary offence of Prejudicing an Investigation under the POCA.

What must the Bursar do where a payment seems suspicious?

Where a member of staff identifies a red flag in relation to a payment, the Bursar must consider the relevant circumstances relating to the transaction that has raised the concern. The enquiries the Bursar will make will depend on the circumstances, but could include:-

- asking the payer to explain who is making the payment where this is not clear;
- asking for an explanation of why the payment is being made in a particular way, for example, where payments are being made from a variety of sources or accounts;
- asking the payer for proof of the source of the funds; or
- carrying out a google or other internet search to establish that the payer is not involved in alleged criminal activities and/or on a UK sanctions list.

After having made appropriate enquiries, the Bursar will decide whether:-

- the payment can be accepted;
- further explanation or evidence as the legitimacy of the funds is required;
- the School should submit a SAR to the NCA; and

- the School should make a report to the Charity Commission.

The Bursar will keep a record of the decision made in relation to the payment and the evidence supporting the decision.

Reporting to the National Crime Agency and the Charity Commission

If the parent (or payer) or donor is not able to provide a satisfactory explanation or where there are other factors (for example adverse media publicity) that cause the Bursar to have a reasonable suspicion or knowledge that the funds being used to make the payment may be Illicit Funds, the Bursar must submit a SAR to the NCA and, where appropriate, request consent to proceed with the transaction.

If the School has requested a defence against a money laundering offence (“DAML”) in the SAR, the School should not accept, pay away, return or otherwise use the suspicious payment for any purpose until the time limit for the NCA to respond to the SAR has expired.

The Bursar will also consider whether the incident needs to be reported to the Charity Commission.

Record keeping

All internal reports to the MLRO and all SARs made by the MLRO to the NCA will be retained for a minimum of five years.

Training

The School will train its staff from time to time on how to limit the money laundering risks faced by the School, by enabling staff to spot potential red flags and what steps they must take if a potential risk factor is identified.

If any member of staff has any concerns or would like further information on what they should do in the event of a concern about money laundering, they should contact the Bursar.

This Policy should be read in conjunction with the School’s Anti-bribery Policy in the Employees’ Manual.

Appendix 1

Checklist for new parents

Consider the following questions in relation to each new parent/guardian (“the Parent”) who signs the Parent Contract and in relation to the payer of the fees, if different. This list is not exhaustive.

Name of Parent/Guardian 1:

Name of Parent/Guardian 2:

Name of Daughter:

Year Group Entry:

Amount of Deposit:

1. For Completion by the Director of Admissions

	Area for Review	Ask	Yes/ No
1.	Passport copies	Are copies of each Parent’s passports attached?	
2.	Proof of address	Is a copy of a recent (less than 3 months’ old) document confirming the address for each Parent attached eg utility bill, driving licence, letter from HMRC etc)?	
3.	Bank account	Are the Bank Account Details from where the fees will come, attached?	
4.	Fee payer	Are the fee payments being made from an account that is in the same name as the Parent? <i>If not:-</i> <ul style="list-style-type: none">• <i>third party fee payer agreement needed;</i><i>and</i>• <i>copies of the third party fee payer’s passport and proof of address needed</i>	
5.	Third party payments	If the payment is from an account that is not the Parent’s account, is the connection between the	

		third-party making the payment and the pupil clear?	
6.	Arrangements	Is it clear who is making the payment?	

Completed by

The Director of Admissions:

Signed:

Date:

2. For Completion by the Bursar

7.	Internet search	Are there any adverse media articles about either Parent (and the payer, if different), suggesting an involvement in criminal activities or is either Parent (and the payer if different) on the UK's Sanctions List?	
8.	Country of residency	Is either Parent (and the payer if different) resident in or have they recently relocated from, a high-risk country?	
9.	PEP (Politically Exposed Person – broadly an individual who is performing a prominent public function)	Is either Parent (and the payer if different) a PEP? If either Parent (and the payer if different) is a PEP, is their business activity unusual given the public role they hold?	
10.	Resources	Is either Parent (and the payer if different) keen to offer bearer's cheques or cash (not acceptable)	
11.	Early or quick payments	Is the Parent (and the payer if different) unusually anxious to make a payment? Is the Parent (and the payer if different) unable to justify why they need to make the payment quickly or early?	

12.	False documents	Do any documents appear to be falsified?	
13.	Any other comments/issues identified		

Completed by the Bursar:

Signed:

Date:

Appendix 2

Checklist for identifying potentially suspicious transactions (“red flags”)

You must consider the following questions in relation to each high-risk payment. If any of the answers to the questions are “yes”, you must refer the payment to the Bursar for further consideration. This list is not exhaustive. Even if all the answers to the questions are “no” if something seems unusual you must raise your concern with the Bursar.

	Potential red-flags	Ask	Yes/ No
1.	Transactions	<p>Are payments to the School unusual because of their size, frequency or the manner of their execution?</p> <p>For example:-</p> <p>Is the parent unexpectedly or unusually making lots of small payments from several different accounts?</p> <p>Are the payments unexpectedly being paid from a different account?</p>	
2.	Bank account	Is the payment being made from an account that is not in the same name as the payer?	
3.	Arrangements	<p>Does the payment involve complex or illogical arrangements that make it unclear who is making the payment?</p> <p>For example:-</p> <p>Is the payment coming from a variety of sources or payers?</p> <p>Is the payer seemingly unconnected to the pupil, parent or donor?</p>	

4.	Third party payments	<p>If the payment is from an account that is not the parent's account, is the connection between the third-party making the payment and the pupil unclear?</p> <p>For example, is the payment from someone who is not the parent's employer or a known relative of the pupil?</p>	
5.	Internet search	<p>Are there any adverse media articles about the payer suggesting an involvement in criminal activities or is the payer on the UK's Sanctions List?</p>	
6.	Erroneous payments	<p>Has the School been asked to reverse a payment made because the payment was made in error?</p> <p>Has the School been asked to send a repayment to a person that is different to the original payer?</p>	
7.	Country of residency	<p>Is the parent resident in or have they recently relocated from, a high-risk country? You should ask the Bursar for the current list of high risk countries.</p>	
8.	PEP (Politically Exposed Person – broadly an individual who is performing a prominent public function)	<p>Are either of the parents or the person paying the fees (where different) a PEP?</p> <p>If the parent is a PEP, is their business activity unusual given the public role they hold?</p>	
9.	Assets	<p>Does it seem that a parent's assets are inconsistent with their known legitimate income?</p>	
10.	Resources	<p>Are the funds being used bearer's cheques or cash?</p>	

11.	Identity	Is the payer difficult to identify?	
12.	Early or quick payments	Is the parent unusually anxious to make a payment? Is the parent unable to justify why they need to make the payment quickly or early?	
13.	False documents	Do any documents appear to be falsified?	
14.	Representatives	Have you, or other professionals involved, been instructed at a distance, been asked to act outside of your usual specialty, or been offered an unusually high fee?	