Anti-Money Laundering Policy

Introduction

1. University of York 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 the University’s position on preventing money laundering, in accordance with the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007. It aims to ensure that the University and its employees comply with the legislation and that the highest standards of due diligence are applied in relation to ‘know your customer’ principles.

2. Legislation has broadened the definition of money laundering and the range of activities where this can apply. So it is not just a concern for banks and the financial sector but now applies to all Companies and institutions including Universities. This policy therefore sets out the procedure to be followed if money laundering is suspected and defines the responsibility of individual employees in the process.

What is money laundering?

3. Money laundering is the process by which money or other assets (criminal property) obtained by committing crime 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.

4. Money laundering activity includes:
   - acquiring, using or possessing criminal property
   - handling the proceeds of crimes such as theft, fraud and tax evasion
   - being knowingly involved in any way with criminal or terrorist property
   - entering into arrangements to facilitate laundering criminal or terrorist property
   - investing the proceeds of crimes in other financial products
   - investing the proceeds of crimes through the acquisition of property/assets
   - transferring criminal property.

University obligations

5. The Money Laundering Regulations 2007 regulation 20 sets out the requirement for relevant businesses to establish and maintain appropriate and risk-sensitive policies and procedures relating to:
   - customer due diligence
   - reporting
   - record keeping
   - internal control
   - risk assessment and management
   - the monitoring and management of compliance, and
   - the internal communication of such policies and procedures, in order to prevent activities related to money laundering and terrorist financing.
6. The University has a responsibility to:
   - Appoint a Money Laundering Reporting Officer (MLRO) to receive, consider and report as appropriate, disclosure of suspicious activity reported by employees
   - Implement a procedure to enable the reporting of suspicious activity, such as complex or unusually large transactions, or unusual patterns of transactions which have no apparent economic or visible lawful purpose
   - Maintain customer identification procedures to ‘know your customer’, in relevant circumstances
   - Maintain adequate records of transactions.

Employee obligations
7. 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.
8. All new members of the University’s finance teams must receive training in this policy from the Head Cashier/Financial Accountant or his/her alternate as part of their induction and a signed record from every member of that team must be kept to verify that they have read and understood the policy. Refresher training will take place at each revision of the policy, at which point all staff will be asked to update their signed record. The policy must be drawn to the attention of other University staff involved in student ID and finance checks at enrolment as part of the training organised by Student and Academic Services.
9. If any individual 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 may result in you being personally liable to prosecution.
10. Guidance on how to raise any concerns is included in this policy document.

Relevant circumstances
11. Money laundering regulations apply to cash transactions in excess of 15,000 Euros. For the purpose of this policy, this is set at 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.
12. By way of example at the University 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. In practice at the University third party details must be checked for all cash and card transactions over £10,000.
13. Particular rules apply to foreign students and the immigration service needs to be notified if a student with a visa discontinues their study. These cases should be dealt with by Student and Academic Services in the normal course of business. 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. Other than in exceptional 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.
14. Precautions should also be taken in respect of refunds requested following a payment by credit 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.

‘Know your Customer’

15. It is important that controls are in place to identify the student, customer or other party dealing with the University. This is done during enrolment checks by Student and Academic Services, so checking identity to a valid University ID card is considered adequate evidence of identity for making payments to the University. Where a payment is made on behalf of a student, then evidence of the payer’s identity and relationship to the student concerned must be obtained. If a person or an organisation is not known to the University look for letter headed documents, check web-sites, request credit checks or aim to meet or contact key sponsors as you feel appropriate to verify validity of contact.

16. Cheques drawn on an unexpected or unusual source should always be verified with regard to validity of the source. A guidance note on possible signs of money laundering is included at Appendix 2.

17. Cash payments in excess of £2,500 to any single account will not be accepted by the University cashiers office. Any individual wishing to pay their fee or other invoice in cash amounting to more than £2,500 will be declined and the person requested to pay using an alternative method i.e. bank transfer or card payment.

The Money Laundering Reporting Officer (MLRO)

18. The Director of Finance is the officer nominated to receive disclosures in respect of suspected transactions or activity within the University. In the absence of the MLRO the Deputy Director of Finance or the Financial Accountant are authorised to act for the Director of Finance.

Disclosure Procedure to be followed by Individuals

19. 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. This disclosure should be made on the proforma report attached at Appendix 1 and should be completed on the same day the information came to your attention. Should you not do so you may be personally liable to prosecution under the regulations. If you in good faith disclose suspicions of money laundering, the University’s whistleblowing procedure protects you against detrimental treatment.

20. 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 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 and to facilitate the report to the National Crime Agency

21. Once you have reported your suspicions to the MLRO you must follow any instructions provided. 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, because you may be committing a criminal offence by doing so.

22. If appropriate the MLRO will refer the case to the National Crime Agency for further investigation. This may include consent to continue with a particular transaction and care should be taken not to ‘tip off’ the individuals concerned, since you may be committing a criminal offence by doing so.

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

23. On receipt of a disclosure report the MLRO will:
   • Note the date of 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 as necessary to decide if a report should be made to the National Crime Agency.

24. The MLRO will decide if:
   • There is actual or suspected money laundering taking place
   • There are reasonable grounds to know or suspect that this is the case
   • Consent is required from National Crime Agency for a particular transaction to proceed

25. Where the MLRO concludes that the case should be disclosed to National Crime Agency this needs to be done in timely manner and in a prescribed National Crime Agency format.

26. 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.

Record Keeping Procedure

27. All disclosure reports and relevant documents will be retained in a confidential file by the Finance Department for a minimum of six years.

28. Departments conducting relevant transactions must maintain records for at least six years of:
   • Student / Customer identification evidence
   • Details of financial transactions carried out.

29. In practice Departments will routinely create and retain records in the course of normal business and these will be sufficient for this purpose.

Conclusion

30. Instances of suspected money laundering are likely to be rare given the nature of services provided by the University. However we must be aware of the legislative requirements, as failure to comply would have serious implications for both the University and individuals concerned.
31. Please take prompt action referring to the guidance in this policy and if you have any suspicions please consult your line manager or the MLRO about your concerns.

Appendix 1 - University of York - Suspected Money Laundering - Report to the MLRO

From:

Faculty / Department:

Contact Details:

DETAILS OF SUSPECTED OFFENCE This section should include:

- 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.
- Details of any investigation undertaken to date.
- Discussions you have had with anyone about your suspicions and on what basis.
- Whether any aspect of the transaction(s) is outstanding and requires consent to progress.
- Any other relevant information that you consider may be useful.

Signed………………………………………………………………………………………………………………………………………………

Date………………………………………………………………………………………………………………………………………………..
To be completed by the MLRO

Date report received

Date receipt acknowledged

CONSIDERATION OF DISCLOSURE - Further Action Required:

Are there reasonable grounds for suspicion requiring a report be made to National Crime Agency? YES/NO

If YES Confirm date of report to National Crime Agency……………………………………………………………………

Any Further Details

Is consent required from National Crime Agency to any on-going transactions? YES/NO

If YES confirm details & instructions…………………………………………………………………………………………

Date consent received………………………………………………………………………………………………………………

Date consent given to staff…………………………………………………………………………………………………………

If NO confirm reason for non-disclosure

Date consent given to staff…………………………………………………………………………………………………………

Signed……………………………………………………………………………………………………………………………………

Date…………………………………………………………………………………………………………………………………….
Appendix 2 - University of York Anti-Money Laundering Policy Guidance Note: Possible signs of money laundering

It is not possible to provide a definitive list of ways to spot money laundering or how to decide whether to make a report to the MLRO. However, the following are types of risk factors included in HMRC guidance which may, either alone or collectively, suggest the possibility of money laundering activity:

Risk factors – customer types and behaviour

- Customers with businesses that handle large amounts of cash
- Customers with complex business ownership structures with the potential to conceal underlying beneficiaries
- Customers who are in a public position which could create a risk of exposure to the possibility of corruption
- Customers based in or conducting business in, or through, a high risk jurisdiction, or a jurisdiction with known higher levels of corruption, organised crime or drug production/distribution
- Customers who are not local to the business
- New customers carrying out large transactions
- Customers carrying out regular large transactions
- A number of transactions below the amount requiring ID checks carried out by the same customer within a short space of time
- A number of customers sending payments to the same individual
- Non face-to-face customers
- Situations where the source of funds cannot be easily verified

Risk factors – product/transaction types

- Complex or unusually large transactions
- Unusual patterns of transactions which have no apparent economic or visible lawful purpose
- Uncharacteristic transactions which are not in keeping with the customer's known activities
- A sudden increase in business from an existing customer
- A high level of transactions for amounts just below the amount requiring ID checks
- Peaks of activity at particular locations or at particular times

Risk factors – delivery channels

- Large cash transactions
- Occasional or one-off transactions as opposed to business relationships

Risk factors – business organisation/geographical area of operation

- Large number of branches
- Large number of agents
- Geographical locations of operation
- Number of employees and turnover of staff
• Money sent to or received from areas known to have high levels of criminality or terrorist activity.

For the University, more specific risks are considered to be:

• A new customer, business partner or sponsor not known to the University
• A secretive person or business e.g. that refuses to provide requested information without a reasonable explanation
• Payment of any substantial sum in cash i.e. 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 the funds received
• Significant changes in the 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.
# Appendix 3 - Anti-Money Laundering Policy: Customer risk assessment and associated controls

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<tr>
<th>Activity</th>
<th>Risk assessment</th>
<th>Controls</th>
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| Student fees                                                             | Low: Payments are often made from bank accounts outside the UK and by parents or other sponsors.  
Note that some international students might originate from jurisdictions with known higher levels of corruption, as held on the Financial Task Force website ([www.fatf-gafi.org](http://www.fatf-gafi.org)).  
However, the ID checks carried out for all students are considered adequate to address the higher risk from those individuals. | ID checks at enrolment. Identity of any payer other than student confirmed with the student concerned.  
No refunds made to accounts other than original payment other than in exceptional circumstances, in which case record is kept of reason.  
No cash payments in excess of £2500 taken by the University |
| Other international student-related items such as sponsorship or loans for living expenses | Medium, as payment must then be made by the University to the student          | Identity of any payer other than student confirmed with the student concerned. |
| Research and other income-generating activity                            | Low                                                                             | Validation of funder or customer at pre-contract stage.  
Receipts matched to invoices or claims raised.                                    |
| Miscellaneous income, such as printing or sports fees                    | Low                                                                             | Review of transactions on Management/Agresso reports                      |