



# Anti-Money Laundering Policy

<b>Policy Code</b>	F18
<b>Policy start date</b>	June 2020
<b>Policy review date</b>	September 2022

## 1. Introduction

Money laundering is the term used for a number of offences involving concealing the proceeds of crime or terrorist funds. Relevant legislation includes the Proceeds of Crime Act 2002 (POCA) as amended in 2007, Money Laundering Regulations 2017, the Terrorism Acts of 2000 and 2006, and the Serious Organised Crime and Police Act 2005.

Whilst public funded organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and may commit most of the principal offences under the Proceeds of Crime Act 2002, guidance produced by Chartered Institute of Public Finance and Accountancy confirms that they are not legally obliged to apply the provisions of the Money Laundering Regulations 2017, subject only to any activities or transactions which are subject to regulation in conjunction with the Financial Services Act 2012. However, as responsible public bodies, multi academy trust's such as the Community Inclusive Trust who do not undertake any such regulated activities should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering regimes. Such legislation has been considered by professional bodies, resulting in best practice guidance being issued that requires local authorities to establish internal procedures to prevent the use of their services for money laundering.

## 2. Scope

The risk to the Trust of contravening the legislation is low. However, it is extremely important that all employees are familiar with their legal responsibilities as serious criminal sanctions may be imposed for breaches of legislation.

This policy applies to all employees of the Trust and aims to maintain the high standards of conduct that currently exist within the Trust by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed to enable the Trust to comply with its legal obligations.

Failure by a member of staff to comply with the procedures set out in this Policy may lead to formal disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Trust's disciplinary procedures.

## 3. What is Money Laundering?

Money laundering involves one or more of three principal offences; concealing, arranging and acquisition (use/possession) and may comprise the following prohibited acts under the legislation;

- Concealing, disguising, converting, transferring criminal property or removing it from the UK (Proceeds of Crime Act 2002 s327)
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (Proceeds of Crime Act 2002 s328)
- Acquiring, using or possessing criminal property (Proceeds of Crime Act 2002 s329)
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (Terrorism Act s18).

Potentially any member of staff could be caught by the money laundering provisions if

they suspect money laundering and either become involved with it in some way or do nothing about it. This Policy sets out how any concerns should be raised.

#### **4. What are the Obligations of the Trust?**

The obligations of the Trust, as a public service organisation, are to put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements, designed to enable officers to detect and avoid involvement in the crimes described in the legislation and regulations. This may include:

- Appointing a Money Laundering Reporting Officer (MLRO) (for the Community Inclusive Trust (CIT) this is the Chief Financial Officer (CFO)) to receive disclosures from employees of money laundering activity (their own or anyone else's)
- Implementing a procedure to enable the reporting of suspicions of money laundering;
- Maintaining client identification procedures in certain circumstances,
  - A client is defined as: contractors, sub-contractors, suppliers, Government departments, Local Authorities, companies or individuals providing goods or services to the Trust along with any and all employees of the aforementioned and their business associates, family or friends where a connection to the Trust can be established and where a potential conflict of interest or money laundering route could arise;
- Maintaining record keeping procedures.

The areas where large sums of money may be received by the Trust include General Annual Grant, SEN funding, out of county funding, top up, CIF bid funding, PFI funding, public and other donations. These are only examples; the safest way to ensure compliance with the law is to apply the principles within this policy to all areas of work undertaken by the Trust. All staff are therefore required to comply with the reporting procedure set out below.

#### **5. Disclosure Procedure**

Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement is a matter that may amount to a prohibited act under the legislation, you must disclose this as soon as practicable to the MLRO.

Your disclosure should be made to the MLRO or the employee's line manager at the earliest possible opportunity. The report must include as much detail as possible, for example:

- Full details of the people involved (including yourself if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc.;
- Full details of the nature of your involvement;
- If you are concerned that your involvement in the transaction would amount to a prohibited act your report must include all the relevant details. You will need consent from the National Crime Agency (NCA), via the MLRO, to take any further part in the transaction;

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- You should make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent, e.g. a completion date or court deadline;
- The types of money laundering activity involved;
- The dates of such activities including:
  - Whether the transactions have happened, are ongoing or are imminent, where they took place;
  - How they were undertaken
  - The (likely) amount of money/assets involved
- Why, exactly, you are suspicious – the National Crime Agency will require full reasons.

Also consider disclosing any other available information to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable a report to be prepared for the National Crime Agency, where appropriate. You should also enclose copies of any relevant supporting documentation.

Once you have reported the matter to the MLRO you must follow any directions that are given to you. You must NOT make any further enquiries into the matter yourself. Any necessary investigation will be undertaken by the National Crime Agency. Simply report your suspicions to the MLRO who will refer the matter on to the National Crime Agency if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, even if the National Crime Agency has given consent to a particular transaction proceeding, without the specific consent of the MLRO. Do not, therefore, make any reference on a client file to a report having been made to the MLRO.

The MLRO will keep the appropriate records in a confidential manner.

### **Consideration of the Disclosure by the Money Laundering Reporting Officer.**

Upon receipt of a disclosure report, the MLRO must note the date of receipt on their section of the report, acknowledge receipt of it, and confirm receipt of the disclosure report to the Executive Leadership Team. The MLRO should also advise of the timescale within which they expect to respond to the person making the disclosure.

The MLRO will consider the report and any other available information they think is relevant e.g.

- Reviewing other transaction patterns and volumes;
- The length of any business relationship involved;
- The number of any one-off transactions and linked one-off transactions;
- Any identification evidence held;
- Undertake such other reasonable enquiries they think is appropriate in order to ensure that all available information is considered in deciding whether a report to the National Crime Agency is required;
- The MLRO may also need to discuss the report with the person making the disclosure.

Once the MLRO has evaluated the disclosure report and any other relevant information they must make a timely determination as to whether:

- there is actual or suspected money laundering taking place;
- there are reasonable grounds to know or suspect that is the case;
- whether they need to seek consent from the National Crime Agency for a particular transaction to proceed.

Where the MLRO concludes the above, they must disclose the matter as soon as practicable to the National Crime Agency on their standard report form and in the prescribed manner unless they have a reasonable excuse for non-disclosure to the National Crime Agency (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

Where the MLRO suspects money laundering, but has a reasonable excuse for non-disclosure, then this must be noted the report accordingly. They can then immediately give their consent for any ongoing or imminent transactions to proceed.

In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to the National Crime Agency.

Where consent is required from the National Crime Agency for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the National Crime Agency has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the National Crime Agency.

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then they shall mark the report accordingly and give their consent for any ongoing or imminent transaction(s) to proceed.

All disclosure reports referred to the MLRO and reports made by them to the National Crime Agency must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

## **6. Identification Procedure**

Where the Trust is carrying out cash payment or collection and any one of the following apply:

- forms an ongoing business relationship with a client;
- undertakes a one-off transaction involving payment by or to the client of £5,000 or more;
- undertakes a series of linked one-off transactions involving total payment by or to the client(s) of £5,000 or more excluding payments by parents in their normal activity of paying for school meals and trips for their children;
- it is known or suspected that a one-off transaction (or a series of them) involves money laundering

then this identification procedure must be followed before any business is undertaken for that client.

In the above circumstances, staff in the relevant Academy within the Trust must obtain satisfactory evidence of the identity of the prospective client, as soon as practicable after instructions are received (unless evidence of the client has already been obtained). This applies to existing clients, as well as new ones.

Once instructions to provide a collection of cash have been received, and it has been established that any requirement for the identification procedure to apply, evidence of identity should be obtained as follows;

### **Internal**

Appropriate evidence of identity for Academies will be signed, written instructions on Academy/Trust headed paper or an email on the internal MS Outlook email system at the outset of a particular matter. Such correspondence should then be placed on the Trust's client file along with a prominent note explaining which correspondence constitutes evidence and where it is located.

### **External**

The MLRO will maintain a central file of general client identification evidence regarding the external organisations to whom the Trust provide a service. You should check with the MLRO that the organisation in respect of which you require identification is included in the MLRO's central file and check the precise details contained in relation to that organisation. If the organisation is not included in the central file, you should discuss with the MLRO. You should then obtain the following additional evidence:

For external clients, appropriate additional evidence of identity will be written instructions on the organisations official letterhead at the outset of the matter or an email from the organisations e-communication system. Such correspondence should then be placed on the Trust's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located (and including a reference to a search of the MLROs central file, if undertaken).

With instructions from new clients, or further instructions from a client not well known to you, you may wish to seek additional evidence of the identity of key individuals in the organisation and of the organisation itself.

For individuals, accepted documents of identification are passport, driving licence, bank statements and utility bills.

In all cases the evidence should be retained for at least five years from the end of the business relationship transaction(s).

If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one-off transaction(s) cannot proceed any further.

## **7. Record Keeping**

Each Academy within the Trust conducting relevant business must maintain records of:

- client identification evidence obtained
- details of all relevant business transactions carried out for clients.

for at least five years. This is so that they may be used as evidence in any subsequent

investigation by the authorities into money laundering.

The precise nature of the records is not prescribed by law however they must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In practice, the Academies within the Trust will be routinely making records of work carried out for clients in the course of normal business and these should suffice.

## **8. Evaluation**

The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This policy has been written to enable the Trust to meet legal requirements in a way that is proportionate to the very low risk to the Trust of contravening the legislation.

Should you have any concerns whatsoever regarding any transactions then you should contact the MLRO immediately. Contact details can be found on the CIT Intranet and Internet.

# The Community Inclusive Trust

## Anti-Money Laundering Policy

This Policy has been approved by the Trust Board of CIT.

Signed..... Name.....

Date:

Chair of the Trust Board

Signed..... Name.....

Date:

Chief Executive Officer