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## **1. Introduction**

- 1.1 This policy sets out the anti-money laundering policy and procedures in place at Windlesham House School (“the School”).

## **2. Principles**

- 2.1 The risk of the School being used as a target by those engaged in money laundering may appear to be a small one, particularly as the provision of education by the School does not normally involve passing funds on to third parties. However, the School is committed to detecting and preventing any money laundering activities and to ensuring that it does not become involved in any arrangements involving criminal or terrorist property.
- 2.2 In order to fulfil this commitment, the School has established procedures for assessing the risk of financial crime, for internal reporting of suspicious activities, and for making Suspicious Activity Reports (SARs) to the relevant agencies.
- 2.3 Where risk factors are identified, the School will ensure that the identities of parents or guardians or other persons or organisations making any substantial payments to the School are satisfactorily verified. Verification may take place at the beginning of their relationship with the School and, where appropriate, also at later stages.
- 2.4 The School will ensure that its staff are aware of the law in this area and will provide training where appropriate.

### **3. Background**

- 3.1 The law relating to money laundering is complex and mainly covered in the Proceeds of Crime Act 2002, as amended by the Serious Organised Crime and Police Act 2005.
- 3.2 There are two specific offences under the Proceeds of Crime Act 2002 that staff need keep in mind:
- a person (which includes both individuals and entities like Schools) commits an offence if he or she enters into or becomes concerned in an arrangement which he or she knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person;
  - a person commits an offence if he or she acquires, uses or has possession of criminal property. There is a specific defence to this offence that the person receives the criminal property as payment for "adequate consideration", which would include educational services provided by the School for the payment of School fees. However, this defence would not apply where money is received as a donation.
- 3.3 There are also the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 for organisations authorised or regulated by the Financial Conduct Authority. This does not apply to the School though.
- 3.4 Money laundering is the process by which the proceeds of criminal or illegally obtained money are processed or spent to create the appearance that they have come from a legal source. Whilst this policy focuses on fee payments, the School is also vigilant in relation to other cash payments, for example donations, or other unusual payments, particularly where these involve complex banking and transfer arrangements.
- 3.5 Money Laundering can take many forms, but in relation to the School it could involve, but will not be limited to:
- 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 fees paid in advance.

### **4. Procedure – General Principles**

- 4.1 In addition to ensuring that staff are aware of the offences under the Proceeds of Crime Act 2002 and how they might arise in the running of the School, this policy sets out the measures, over and above those strictly required by law, that the School has put in place to mitigate the risk of money-laundering occurring in the course of its business and charitable activities. The Schools' procedures go beyond the strict statutory requirements applicable to unregulated organisations because as a charitable organisation it has a duty to safeguard its reputation, property, funds and beneficiaries. In particular the Charity Commission advise to assess the risk of money laundering by:
- "Identify" – know 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 can 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 you want them to; and
- “watch out” – for unusual or suspicious activities or requests.

## 5. Risk Assessment

- 5.1 The School will take a risk-based approach to preventing money laundering and therefore start from the premise that the people with whom it does business are not money launderers.
- 5.2 However, the following factors highlight instances where there may be a higher risk of criminal activity and where appropriate control measures should be applied or the matter reported. These include the following:
- Size of Transaction.** If the transaction is unusual because of the size compared to the parent/donor’s known business type.
  - Payment Structure.** If the payment is complex or involves illogical business structures so it is unclear who is conducting the transaction.
  - Jurisdiction.** If a person is resident in a jurisdiction that is perceived to have a lower standard of anti-money laundering regulation or measures to prevent corruption.
  - Politically Exposed Person.** A politically exposed person (known in the anti-money laundering regulations as a PEP) may be more at risk of being involved in money laundering. A PEP is a person who has been entrusted with prominent public functions, or any immediate family member or close associate of such a person.
  - Secrecy.** If a person is unusually secretive, for example if he or she is reluctant to meet face to face in circumstances where that would be the norm.
  - Sanctioned or Proscribed Organisations.** Whether the person is subject to sanctions or designated as, or associated with, a proscribed organisation.
- 5.3 Where a higher than usual level of risk has been identified, the staff concerned must consider whether it is appropriate to look more closely at any transaction and / or to require a more rigorous checking of identity and of the source of funds. In such cases it may also be appropriate to arrange for routine monitoring of transactions so that, for example, any change in the source of funds used to pay School fees is flagged up immediately.

## 6. Procedures

- 6.1 The following procedures have been designed as a proportionate and cost-effective response to the School's assessment of the risk:
- Confirmation of Identity.** Before entering into any transaction with a person or organisation with whom the School has no previous transactions, the School will take reasonable steps to ascertain the identity of that person or organisation. In the case of individuals this will include the full name, nationality, residential address, and employment. For the payment fees this will include the collection

of verification of identity documents, such as passports or birth certificates. When checking such documents, staff must be alert to any signs that they might have been forged or stolen.

- b. **Payment Process.** The School will not accept payment of school fees with cash. Normally, parents will be encouraged to pay by UK direct debit from a personal bank account. Where fees are paid by a third party (either individual or company), details similar to above will be sought and the relationship to the parent/pupil clarified:
- In relation to organisations that are not already known to the School, staff will check websites, perform a company search, and where appropriate they will request credit checks and/or contact key personnel in the organisation.
  - Staff should also check whether third parties are designated as, or associated with, proscribed organisations by checking the person's name against the UK government's current sanctions and proscribed organisations list, available on the gov.uk website.

If sufficient high-risk factors are found then a formal check will be undertaken by an external provider (such as INTCAS, Refinitiv or Redwood Collections).

- c. **Fees-In-Advance.** For all fees-in-advance requests, whether at the start of a pupil's education or part way through, the School will make an initial assessment of whether the parent's financial situation suggests such a payment is possible. If there are any doubts the parent will be asked to explain where the funds are coming from. If the payment is via a company then a check on that company will be undertaken. If sufficient high-risk factors are found then a formal check will be undertaken by an external provider (such as INTCAS, Refinitiv or Redwood Collections).
- d. **Donations.** The School has a separate Donations Policy which deals with donations in greater details. For any donation above £50k the School will carry out identity and payment check similar to above and fees-in-advance.
- e. **Cash Payments.** The School does not normally accept cash payments above £1,000. If any member of School staff is offered funds above this amount, it must not be accepted without the authority of Director of Finance and Operations (DFO).
- f. **Fees Refunds.** There are occasions when pupils leave the School prior to the end of their full education. In some cases there may be refund of fees. Prior to any refund, payment details must be clarified and in most cases the fees should be returned to the same account as they were paid from. If this is not the case then checks must be undertaken to understand why a different account is being used and that the account is appropriate. If sufficient high-risk factors are found then a formal check will be undertaken by an external provider.

## 7. Reporting Suspicious Activities

- 7.1 The School is not required by law to have a Money Laundering Reporting Officer (MLRO) to whom suspicious transactions or activities should be reported but, as part of its commitment to detecting and preventing any money laundering activities, it has decided

that the DFO will act as the MLRO and, in his/her absence, the Finance Bursar ('FB') is authorised to act as Deputy. The function of the MLRO is to:

- act as a single point of contact for staff in relation to any suspicions of money laundering or other financial crime;
- oversee the provision of training and guidance to staff;
- provide reports to the Governors, annually or more frequently if requested, on the operation and effectiveness of the Schools' anti-money laundering procedures; and
- keep this policy and related procedures under review.

7.2 As the MLRO, the DFO has additional obligations in respect of reporting suspicious activities to the National Crime Agency (NCA) and the police ensuring that, where a report has been made, no steps are taken without the consent of the NCA or police where required. The FB and the Fees Administrator are also registered to provide reports to the National Crime Agency ("NCA") under the delegated authority and with express approval of the MLRO.

7.3 Failure to comply with these obligations can be an offence under section 332 of the Proceeds of Crime Act.

## **8. Disclosure Procedures**

8.1 Staff must make a report to the MLRO where they have knowledge or suspicion, or where there are reasonable grounds for having knowledge or suspicion, that another person is engaged in money laundering, or that terrorist property exists. Please refer to Annex A for grounds of suspicion.

8.2 If you have any concerns or suspicions relating to the MLRO the same process should be followed, but must be reported to the Head.

8.3 Your report should include as much detail as possible including:

- Full available details of the people, organisations 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 reasons for your suspicion.
- The dates of any transactions, where they were undertaken, how they were undertaken and the likely amount of money or assets involved.
- Information on any investigation undertaken to date, including whether the suspicions have been discussed with anyone and if so on what basis.
- Whether any aspect of the transaction(s) is outstanding and requires content to progress.
- Any other information that may help the MLRO judge the case for knowledge or suspicion of money laundering and to facilitate any external report.

8.4 It is the School's policy, following a disclosure to the MLRO or to the NCA and the police, not to do or say anything that might either prejudice an investigation or "tip off" another person that a disclosure has been made.

- 8.5 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. Any further transactions or activity in respect of the person in question, whether or not it is related to the matter that gave rise to the original suspicion, should be reported to the MLRO as they happen, unless and until the MLRO has confirmed that no report to the NCA and the local police is to be made.
- 8.6 The MLRO must consider all internal reports and make a Suspicious Activity Report (SAR) to the NCA (who will undertake any necessary investigation) as soon as is practicable if he/she considers that there is knowledge, suspicion or reasonable grounds for knowledge or suspicion, that another person is engaged in money laundering, or that terrorist property exists. This applies even if no transaction takes place. If appropriate a report should also be made to the Charity Commission.
- 8.7 The MLRO will report any suspicions of money laundering activity, and how they have been managed, to the Financial and Business Development Committee normally via the Audit Risk and Compliance Committee.

## **9. Record Keeping**

- 9.1 The School will retain copies of the evidence they obtained of the identity of people and organisations related to fees payment and donations for 7 years after the end of the business relationship, together with details of all transactions.
- 9.2 All suspicions reported to the MLRO must be documented, either on paper or electronically. The report should include full details of the person or organisation that is the subject of concern and as full a statement as possible of the information giving rise to the knowledge or suspicion. All enquiries that are made within the School in relation to the report should also be recorded.
- 9.3 The School will also keep details of actions taken in respect of internal and external suspicion reports, including details of information considered by the MLRO in respect of an internal report where no external report is made.

## **10. Contacts**

- 10.1 National Crime Agency: 0370 496 7622 (available 24/7)  
[www.nationalcrimeagency.gov.uk/contact-us](http://www.nationalcrimeagency.gov.uk/contact-us)

## Annex A - Warning Signs of Suspicious Activities

Staff are to watch for the following warning signs, and should the answer to any of the following questions be a “yes” the MLRO should be informed:

1. **Transactions:** are transactions unusual because of their size, frequency or the manner of their execution, in relation to the parent's known business type?
2. **Structures:** do activities involve complex or illogical business structures that make it unclear who is conducting a transaction or purchase?
3. **Assets:** does it appear that a parent’s (or guardian’s) assets are inconsistent with their known legitimate income?
4. **Resources:** are a parent's funds made up of a disproportionate amount of private funding, bearer's cheques or cash, in relation to their socio-economic profile?
5. **Identity:** has the parent taken steps to hide their identity, or is the owner of the cash difficult to identify?
6. Is the parent (or guardian) unusually anxious to complete a transaction or are they unable to justify why they need completion to be undertaken quickly?
7. Is the parent (or guardian) engaged in unusual private business given they hold a prominent public title or function?
8. Are information or documents being withheld by the parent or guardian or their representative, or do they appear falsified?
9. Is the collateral provided, such as property, located in a high-risk country or are the clients or parties related to the transaction native to, or resident in, a high-risk country?
10. Have you, or other professionals involved been instructed at a distance, asked to act outside of your usual specialty, or offered an unusually high fee?