Felsted

ANTI-MONEY LAUNDERING POLICY

WHOLE SCHOOL
INCLUDING EYFS AND BOARDING

Committee normally reviewing:	Senior Leadership Team
Date last formally approved:	Summer Term 2024
Date policy became effective:	Summer Term 2019

Period of Review:	3 years
Next Review Date:	Summer Term 2027

Person(s) responsible for implementation and monitoring:	Chief Finance Officer Head of Finance
Other relevant policies:	● Financial Regulations ● Scholarships Policy ● Bursary Policy ● Staff Fee Discount Policy ● Bribery Policy ● Fee Debt Policy ● Staff Handbooks

The following Policy encompasses the Aims and Ethos of the Preparatory School and the Senior School

Aims and Ethos

SAFEGUARDING STATEMENT
Felsted is committed to maintaining a safe and secure environment for all pupils and a 'culture of vigilance' to safeguard and protect all in its care, and to all aspects of its 'Safeguarding (Child Protection) Policy and the Staff Behaviour Policy.

EQUAL OPPORTUNITIES STATEMENT
The aims of the School and the principles of excellent pastoral care will be applied to all children irrespective of their race, sex, disability, religion or belief, sexual orientation, gender reassignment or pregnancy or maternity; equally these characteristics will be recognised and respected, and the School will aim to provide a positive culture of tolerance, equality and mutual respect.

This policy applies to Felsted Senior, Prep and Pre Prep Schools (together "the School").

The law relating to Money laundering is mainly covered by the Proceeds of Crime Act 2002 and the Terrorism Act 2000. The crime is committed by individuals and it is therefore important that all members of staff should be aware of the risks involved and of the procedures to follow if they have any suspicion about Money, Cash or Property received by the School. This policy does not seek to define all aspects of each potential crime, and the possible defences that might be raised, but is intended to act as a simple guide for staff to understand the basic principles involved and the actions that they should take if they have any such suspicions.

1. Definitions

"*Money*" means the fiat currency of any country or state (i.e. government-issued currency that is not backed by a physical commodity) e.g. Sterling, Euros, US Dollars. but excluding Digital Money.
"*Property*" means any property whether real, tangible or intangible and includes securities issued by any country, company, organisation or person.
"*Digital Money*" means a form of currency not backed by any state or government and available in digital form e.g. Bitcoin, Ethereum etc.
"*Cash*" means Money in the form of legal tender in note or coin format or travellers cheques or bearer securities.

2. Offences

Proceeds of Crime Act 2002 ("POCA") & Terrorism Act 2000 ("TA")

a. POCA Sec 327 - A person commits an offence if he conceals, disguises, converts, transfers or removes from the United Kingdom criminal property

b. POCA Sec 328 - A person commits an offence if he enters into or becomes concerned in an arrangement which he knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person.

c. POCA Sec 329 - A person commits an offence if he acquires, uses or has possession of criminal property.

d. POCA as amended and extended by The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 Regulation 87 – A person commits an offence if, knowing or suspecting that an appropriate officer is acting (or proposing to act) in connection with an investigation into a potential contravention of a relevant requirement which is being or is about to be conducted, he makes a disclosure which is likely to prejudice the investigation; or falsifies, conceals, destroys or otherwise disposes of, or causes or permits the falsification, concealment, destruction or disposal of, documents which are relevant to the investigation.

e. TA Sec 18 - A person commits an offence if he enters into or becomes concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property by concealment, removal from the jurisdiction, transfer to nominees, or in any other way.

Generally, there is a defence of neither knowing nor having cause to know of any criminal connection.

3. Risk areas potentially applicable for the School

In the context of the School the potential areas of risk are:

a. The payment of deposits and current fees including "extras" added to the bills;

b. The payment of fees in advance;

c. Requests for the repayment of fees paid in advance;

d. Donations received either towards specific projects (eg buildings or bursaries) or for general purposes; and

e. Requests for repayments

4. Aims of this Policy

The aims of this policy are:

a. To provide a clear statement of the School's position regarding the prevention of financial crime;

b. To ensure that School staff are aware of and comply with the requirements of UK anti-money laundering legislation, to the extent they apply to the School as a charitable organisation operating outside the regulated sector; and

c. To set out the measures the School has resolved to take to mitigate the risk of money laundering occurring in the course of its business and charitable objectives. These measures reflect the School's duty as a registered Charity to safeguard its reputation, property, funds and beneficiaries.

5. Actions

The School takes a risk-based approach and therefore starts from the premise that those with whom it transacts business are not money launderers or terrorists. However, the School's procedures are designed to highlight instances where there may be a higher risk of relevant criminal activity and to apply appropriate control measures.

6. Counterparties

a. Know your Customer
The School will consistently seek to know those with whom it transacts business. Parents and guardians in particular will usually have been met and there will be discussions about the pupil and their aspirations for that child. Knowledge of parents and guardians will include addresses and contact information and they will be informed through the Parent Contract of requirements for payment of fees and "extras" added to fee bills. Knowledge of donors (including name, address etc) may be obtained through detailed discussions with them and through an understanding of the source of any funds they wish to donate.

b. Jurisdiction
Additional scrutiny may be merited where individuals are resident in jurisdictions that are reasonably perceived as having lower standards of regulation or measures to counteract money laundering or crime.

c. Politically Exposed Persons ("PEPs")
Additional scrutiny may be merited where individuals are PEPs. A PEP may be defined as an individual who is or has been entrusted with a prominent public function in any jurisdiction. Identities of PEPs may be checked against various databases.

d. Sanctioned or Proscribed Persons/Organisations
In any such case the nature of any restriction must be considered as to its relevance in relation to a transaction. Following the sanctions imposed on Russia following its invasion of Ukraine in 2022, the School has checked all of its current and any prospective parents against the OFSI (Office of Financial Sanctions Implementation) list as issued by HM Treasury as well as undertaking additional desk top searches on the parents and any third parties involved in the payment of fees.

e. External Checks

As recommended by ISBA, the School will continue to use Refinitiv to access the World-Check service which is used globally to fight financial crime. World-Check is specifically designed to help organisations adhere to anti-money laundering regulations and the product helps schools identify heightened risk relationships, prevent the likelihood of accepting the proceeds of crime and avoid reputational damage. By running a name through World-Check it will be screened against all global sanctions lists as well as regulatory and law enforcement lists and it will check whether the name is a PEP and screen for any adverse media. Consideration will also be given to alternative providers of similar services.

7. Types of Transaction

a. Unusual or complex transactions

Unusual or complex transactions requested by counterparties should always give rise to additional scrutiny to understand the purpose.

b. Requests for repayment of funds

In the event that there is a legitimate request for repayment of funds (e.g. fees in advance where a pupil leaves before they are utilised or repayment of deposits) then the transfer of funds should where possible be made to the same account/by the same method as the original transfer was made from. In the case of repayment of deposits, transfers may be made to the parents' or guardians' nominated account. Where this is not possible (e.g. where the account has been closed) then the CFO must authorise the payment having seen evidence that the funds are being transferred to the same person as they originated from.

c. Cash

Payment by cash is strongly discouraged though amounts up to £500 sterling may be accepted from known individuals. Amounts of Cash in excess of £500 up to a maximum of £1,000 may be accepted with the agreement of the CFO who shall have regard to this policy in so doing. A record will be kept of such occasions including the reasons for the acceptance.

d. Digital Money

It is not currently the School's policy to accept funds in the form of Digital Money.

e. Property other than Cash, Money or Digital Money

Where donations are offered in a form other than the above then additional scrutiny may be appropriate and the School is not obligated to accept them. However, it is acknowledged that there may be good reasons why a donor might wish to make a donation by way of such property (e.g. real property or issued securities).

f. Flywire

The School receives fee payments from a number of parents via Flywire Payments Limited (Authorised for Payment Services Activities by the Financial Conduct Authority). This organisation does some anti-money laundering due diligence.

g. Payment arrangements

The School will undertake spot checks on the source of payments.

8. Reporting Suspicious Activity

The School does not operate in the regulated sector and is not therefore obligated to appoint a Money Laundering Reporting Officer ("MLRO"). The School does however

consider it appropriate to nominate a “Reporting Officer” (“RO”) to carry out many of the functions similar to those of a MLRO. For this purpose, the CFO is the School’s RO and in his/her absence the Head of Financer may deputise for the CFO.

If any member of staff knows, suspects or has reasonable grounds for thinking or suspecting that a person is engaged in money laundering or terrorist financing they must report such matters to the RO immediately. The indicators listed in the Appendix may help in such activity and the report to the RO should include:

a. Details of the people involved;
b. The type of transaction;
c. The relevant dates;
d. Why there is suspicion;
e. When and how the activity is undertaken; and
f. Likely amounts involved.

Staff must not do or say anything to anyone unless instructed by the RO

The RO will consider the report and any other relevant available information and determine if:

a. There are reasonable grounds for suspecting money laundering and the steps to be taken;
b. There is actual money laundering or terrorist financing; and
c. Whether they need to report the matter.

Staff must not do or say anything to anyone unless instructed by the RO. If the School suspects that it is being offered (or is in receipt of) funds stemming from criminal conduct then it should make an “authorised disclosure. Such notification may be made via the National Crime Agency’s online “Suspicious Activity Report” (“SAR”) portal available at www.nationalcrimeagency.gov.uk . The offence of Tipping Off does not apply to the School but the offence of Prejudicing an Investigation (see 2 (d) above) does apply and therefore the matter must not be raised with the counterparty from whom the funds may be or have been received.

All relevant disclosure reports made to or by the RO must be retained for a minimum of 5 years.

September 2024