Northern School of Contemporary Dance

Anti-Money Laundering Policy

Policy owner:	Northern School of Contemporary Dance – Leadership Team
Lead contact:	Director of Governance
Audience:	Northern School of Contemporary Dance staff, students and public
Approving body:	Audit Committee
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Related Statutes, Ordinances, General Regulations	N/A
Related Policies, procedures and Guidance:	N/A
Equality and Diversity Considerations:	Policy can be available in accessible format on request
Further information: For queries relating to this policy please contact info@nscd.ac.uk	

1. What is Money Laundering?

Money laundering is the process of taking profits from crime and corruption and transforming them into legitimate assets. It takes criminally derived 'dirty funds' and converts them into other assets so they can be reintroduced into legitimate commerce. This process conceals the true origin or ownership of the funds, and so 'cleans' them. As the School receives funds from all over the world, for tuition and other services, as well as making payments globally, it is exposed to the risk of being unwittingly used to launder funds.

The School's policy and aim is to comply fully with all UK legislation in relation to Anti Money Laundering, and to ensure it minimises the risk of money-laundering taking place in its operations. It does this in a number of ways:

- It is moving towards a “cashless campus” model where cash is not accepted
- It provides, in this policy, a helpful list of "warning signs" for anyone who suspects money laundering is taking place.
- The School has introduced a number of key controls to reduce the risk of money-laundering affecting the School, which involve a robust "know your customer policy".
- The School has a clear reporting structure for anyone who suspects money-laundering is taking place.
- Finally the School has a regular review process to update the policy and check we understand existing risks and can recognise new risks.

For the avoidance of doubt, the School will not do business with anyone whom it is suspects of taking part in any activity, knowingly or unknowingly, which it regards as linked with potential money-laundering.

2. How does Money Laundering take place, and what are the regulations?

In the UK, the approach to money laundering and terrorist financing is based on objectives that are specified in legislation and/or Financial Conduct Authority (FCA) rules. However, often the objective will be a requirement of an EU Directive, incorporated into UK law without any further elaboration with the result that UK organisations have discretion in how the objective should be met.

This approach is part of a wider UK government move to risk-based regulation, which allows organisations to assess their risks relevant to their operations, and then put in place the processes and procedures that the organisation itself deems necessary. Key elements of the UK AML framework that apply to universities include:

- Proceeds of Crime Act 2002 (as amended)
- Terrorism Act 2000 (as amended by the Anti-terrorism, Crime and Security Act 2001)
- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017)
- Counter-terrorism Act 2008, Schedule 7
- HM Treasury Sanctions Notices and News Releases
- Joint Money Laundering Steering Group (JMLSG) Guidance
- Sanctions and Anti-Money Laundering Act 2018

3. What are the School's responsibilities?

In the UK, severe penalties are imposed on individuals connected with any stage of laundering money. Offences include:

- failing to report knowledge and/or suspicion of money laundering
- failing to have adequate procedures to guard against money laundering
- knowingly assisting money launderers
- tipping-off suspected money launderers
- recklessly making a false or misleading statement in the context of money laundering

The School therefore must consider the risks that its business activities will expose it to potential money laundering and devise suitable controls that protect it and its employees against being the victim of money laundering. It must document these risks and monitor them on a regular basis. The School also must consider how it trains its staff to spot potential signs of money laundering activity, and how to report it according to UK law.

The basic principles outlined below should be adopted.

4. What are our risk areas?

To understand our risk, we need to define how money laundering works.
There are three stages in money laundering; placement, layering and integration. Placement is where the proceeds of criminal activity enter into the financial system; layering distances the money from its illegal source through layers of financial transactions; finally, integration involves the re-introduction of the illegal proceeds into legitimate commerce by providing an apparently genuine explanation for the funds.

There are many types of risk. The School has identified the following key areas which could be exploited by those trying to carry any or all the three stages of money laundering, above.

- Receiving tuition and other fees from overseas
- Receiving funds from potentially criminal business entities
- Making refunds to students, and third parties (parents and sponsors)
- Receiving cash transactions
- Receiving donations

5 How do we manage those risks, and what controls do we have in place?

The School has a robust "know your customer" process for students and other customers, especially overseas students and those from high-risk areas (those named in the UK Government's sanctioned list). And Student ID is checked during enrolment, including valid visas where required. All new sponsors and commercial customers are checked to publicly available information and subjected to further enquiries such as internet enquiries to assess eligibility before being approved. They are also compared to the UK Government's list of sanctioned entities before they can be accepted. If they are on the list, they are rejected:

- No refunds can be made other than to the original payer.
- Refunds are only made using the original mode of payment as far as possible.
- No cash is accepted for tuition fees or hires.

- Donations cannot be accepted from any donor who is on the UK's sanctions list.

6 What should I look out for? Examples of suspicious behaviour

It is not possible to give a definitive list of ways to spot money laundering. The following are types of risk factors which may, either alone or collectively, suggest the possibility of money laundering activity.

- A new customer, business partner or sponsor not known to the School
- A customer from a country known to carry a high level of risk (such as a sanctioned country, or country with known high levels of financial fraud or corruption)
- A secretive person or business e.g. that refuses to provide requested information without a reasonable explanation.
- A request to pay a substantial sum in cash to the School
- 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, and requests to pay the difference back to a third party
- Absence of any clear legitimate source for the funds received.
- Significant changes in the size, nature, frequency of transactions with a customer that are 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- Receipt of a payment for which the School has not issued an invoice- A receipt of fees from an unconnected third party (i.e. not a student, family member or sponsor)
- Any other facts which tend to suggest that something unusual is happening and give reasonable suspicion about the motives of individuals.

7 Who should I tell if I suspect Money laundering?

Universities are required to appoint a nominated officer or Money Laundering Reporting Officer (MLRO) to be aware of any suspicious activity in the business that might be linked to money laundering or terrorist financing, and if necessary to report it. The nominated officer at the school is the Head of Finance.

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 pro forma report attached at Appendix 1 and should be completed the same day the information came to your attention. If you do not do so you may be personally liable to prosecution.

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 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 his or her report to the relevant authorities.

Once you have reported suspicions to the MLRO you must follow any instructions provided. You must not make any further enquires 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.

If appropriate the MLRO will refer the case to the UK authorities who will undertake any necessary investigation. This may include consent to continue with a particular transaction and care should be taken not to 'tip off' the individuals concerned, otherwise you may be committing a criminal offence.

8 What needs to be reported externally?

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 enquires necessary to decide if a report should be made to the National Crime Agency (NCA).

Once the MLRO has evaluated the case a timely determination will be made as to if:

- There are reasonable grounds to know or suspect that is the case.
- There is actual or suspected money laundering taking place.
- Consent is required from NCA for a particular transaction to proceed.

Where the MLRO concludes the case should be disclosed to NCA this needs to be done:

- In the prescribed manner on a standard report format provided by NCA
- In a timely manner

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.

Where the MLRO considers a potential breach has taken place, the School is obliged to report serious incidents to the Office for Students in certain circumstances.

Details of the reporting to the NCA can be found at:

https://www.gov.uk/guidance/money-laundering-regulations-report-suspicious-activities

9 What records do we need to keep?

As normal with financial records, the School will keep copies of any reports for a period of seven years.

10 How does the School update and communicate this policy?

- The policy will be updated every three years.
- All relevant members of staff with Finance will be familiar with this policy and the wider aspects of money laundering.

Audit Committee will approve a revised policy every three years and submit it to the Governing Body.

Due to the acceptance of cash for only very low value transactions – for example theatre tickets and café meals, no structured training will be offered to wider staff. This decision will be kept under review the risk profile alters.

Appendix A

Template email to send to the Director of Finance (copy and paste into the email)

SUBJECT: CONFIDENTIAL - Suspected Money Laundering

Name:	
Department:	
Details of transaction:	
Name(s) and addresses of person(s) involved, together with details of their relationship with the university:	
Nature, value and timing of activity involved:	
Provide details of any investigation taken to date:	
Have you discussed your suspicions with anyone and if so: on what basis?	
Any other relevant information?	