

ANTI- MONEY LAUNDERING POLICY

1. Introduction

1.1 Changes to the legislation concerning money laundering (the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003) have broadened the definition of money laundering and increased the range of activities caught by the statutory framework. It is no longer merely an issue for banks and the financial sector but now applies to all companies and institutions including universities. These new obligations require universities to establish internal procedures to prevent the use of their services for money laundering.

2. Scope of the Policy

2.1 This policy applies to all University employees. The policy sets out the procedures that must be followed to enable the University to comply with its legal obligations.

2.2 University employees who need to be the most vigilant are those dealing with the receipt or outlay of funds whether in the form of cash, cheque or bank transfer.

3. Definition of money laundering

3.1 The legislation defines the offences relating to money laundering as:

- Concealing, disguising, converting or removing criminal property from the UK;
- Entering into an arrangement which the person who knows or suspects or facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person;
- Acquiring, using or having possession of criminal property;
- Making a disclosure to a person which is likely to prejudice a money laundering investigation.

3.2 Money laundering regulations apply to cash transactions in excess of 15,000 euros. However the Proceeds of Crime Act applies to all transactions – cheques, cash, bank transfers, property and equipment to individuals or agents or third parties.

4. Risks to which Brunel University may be exposed

4.1 To counter the risk of becoming accidentally involved in money laundering, the principal risks need to be identified, assessed and procedures put into place to mitigate the risks.

4.2 Normally it would be considered suspicious if a customer purchased a product by overpaying and then requesting the excess be transferred into a different account.

4.3 It could be considered suspicious for a debt to be settled by an independent third party. It is normal for student debt in the form of tuition fees for international students or living expense owed to be settled by a third party (parent) but other instances should be reviewed.

4.4 Criminals have previously targeted universities and we need to be extra vigilant in this area.

4.5 BUFDG guidance suggests that particular care be focused on:

- Payments in cash
- Applicants from high risk countries
- Requests for refunds – (particularly to a different account or individual to the payer)
- Overpayments
- Failure to take up places
- Agents who do not fit in with normal procedures relating to deposits and tuition fees
- Identity fraud

5. Student and customer identification – “know your customer”

5.1 It is important that controls are in place to identify the student, customer or other third party dealing with the University. In the case of students, examples include passport, visa, birth certificate and correspondence with students at their home address. For people who intend to support the student, proofs such as letters or documents proving name, address and relationship with the student are required. If the sponsor for the student is a company, a letter on company headed paper explaining the relationship between the company and the student and that permission has been

given to pay tuition fees or tuition fees plus Brunel accommodation fees by that company.

5.2 For non-student debt , if the organisation is not known to the University, look for letter headed documents, check websites or request credit checks to verify the validity of the potential customer. Cheques drawn from an unusual source should always be investigated.

6. Controls to mitigate risk

6.1 Third party details should be checked for all transactions over £5,000 as described above.

6.2 A student should not be permitted to pay the fees of another student who is not present at the time.

6.3 Refunds of payments made in respect of either student or non student debt should only be made by the same method and to the same account as the original payment was made.

6.4 In the event of payment by credit or debit card being rejected, the reason should be checked with the card provider prior to accepting an alternative card with different detail.

6.5 Students must make arrangements to cover their living expenses prior to arrival. This includes setting up their bank accounts. If a donor or third party sends funds in excess of requested tuition fees, the excess can either be repaid to the donor using the same bank details or, with the permission in writing of the donor, be used to fund Brunel accommodation due. The excess cannot be transferred to the student.

6.6 Fees paid in advance for foreign students who have subsequently been refused a visa are only refundable providing appropriate documentary evidence is available to demonstrate the circumstances. Where appropriate, refunds should only be made to the person making the original payment or in the case of a transfer by payment to the new university.

7. Procedure for individuals who have carried out “know your customer” checks and are still suspicious of a transaction

7.1 When you know or suspect that a money laundering activity is taking or has taken place you must disclose this immediately to your line manager. If, in consultation with your line manager suspicion is upheld, a disclosure report should be made to the Money Laundering Reporting Officer (MLRO). The MLRO nominated at Brunel University is the Director of Finance John Robinson, e-mail john.robinson@brunel.ac.uk.

7.2 The report should contain as much detail as possible including:

- Full available details of the people, companies involved and all staff members who have dealt with the suspected transaction;
- Reasons as to why you are suspicious;
- Dates of the transactions, amounts involved and method of transfer of money or assets;
- Any other information that may help the MLRO judge the case for knowledge or suspicion of money laundering.

7.3 Once you have reported your suspicions to the MLRO neither you nor your concurring line manager should make any further enquiries nor discuss your suspicions further unless instructed by the MLRO to avoid making a disclosure which may prejudice a money laundering investigation.

8. Duties of the Money Lending Reporting Officer (MLRO)

8.1 The MLRO will consider the notification and any other available internal information considered relevant, such as:

- 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

and undertake such other reasonable enquiries he/she thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the National Crime Agency (NCA) is required. The MLRO may also need to discuss the report with the employee.

8.2 The MLRO should keep a copy of all reported suspicious transactions together with additional backup and reasons for final conclusions, whether reported to the NCA or not for a minimum of 2 years (5 year for all instances reported to the NCA).

9. Advice to Members of Staff in Identifying Money Laundering

It is not possible to give a definitive list of ways to spot money laundering or how to decide whether to make a report to the MLRO. The following are types of risk factors which may be considered:

- A secretive person or business e.g. that refuses to provide requested information without a reasonable explanation;
- Is the customer or student requesting a large cash transaction – especially where the cash is used notes or small denominations;
- Payment of any substantial sum in cash (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;
- Requests for payments or refunds after funds have been paid into the University's bank account by a third party;
- A history of poor business records, controls or inconsistent dealing.

Any other facts which tend to suggest that something unusual is happening and give reasonable suspicion about the motives of individuals.

10. Conclusion

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. 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.