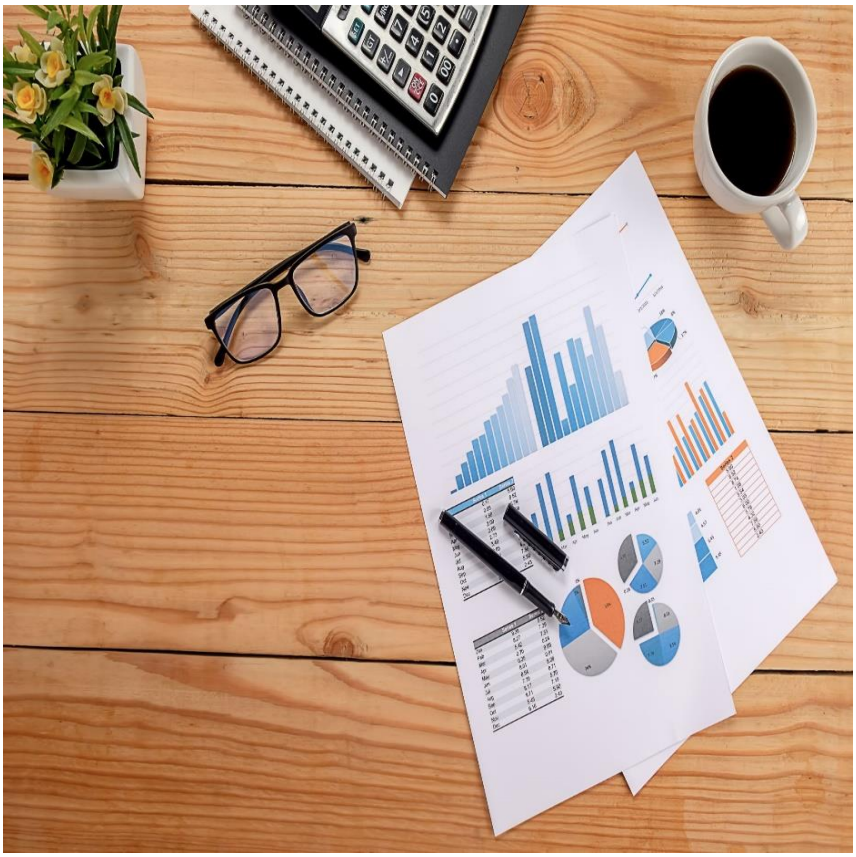
UNIVERSITY of BRADFORD

Financial Operations

Anti-Money Laundering Policy



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UNIVERSITY of BRADFORD

Contents:

1. Introduction and Purpose 4
2. Scope 4
3. Definitions and Legal Context 4
4. Responsibilities 6
   Employees 6
   Money Laundering Reporting Officer (MLRO) 7
5. Anti-Money Laundering Procedures 7
   Know your Customer 7
   Due Diligence 8
   Cash Handling 8
   Processing of Refunds 8
   Sanctioned Countries 9
   Disclosure Procedure 9
6. Related policies and standards / documentation 9
7. Implementation and Training 10
8. Enforcement of this Policy and Sanctions 10
9. Monitoring and Review 10
10. Appendices 10

1. Introduction and Purpose

1.1 The University of Bradford is committed to upholding the highest level of ethical conduct whilst undertaking business activity that falls within scope of the legislative obligations associated with anti-money laundering (AML). At the University, our values (Excellence, Inclusion, Innovation and Trust) are embodied in everything we do and Trust, underpinned by integrity in our work, is a particular focal point of this policy.

1.2 Like all businesses, the University must regularly review and update processes and procedures to protect itself and its stakeholders against money laundering attempts and in recent years legislation has broadened the definition of money laundering and its associated activity. This policy has been implemented to meet legislative requirements, assist with mitigating money laundering risk and update procedures to address suspected cases.

1.3 Part 7 of the 2002 Proceeds of Crime Act defines the full scope of money laundering activity and includes:

- Concealment or disguising of criminal property.
- Converting, transferring, or removing criminal property from the UK.
- Acquiring, using or having possession of criminal property.
- Failure to disclose activity that is suspected, or knowingly committing an offence relating to acquisition, retention, use, control or disguising of criminal property.

2. Scope

2.1 The policy applies to all University staff, students and is extended to third parties such as academic partners, subsidiaries undertaking business on behalf of the University and non/staff lay members of the University governance committees. The policy covers all activity undertaken in the UK and overseas. The policy outlines responsibilities and procedures to follow in the event of suspected money laundering activity.

3. Definitions and Legal Context

3.1 The legislation that sets out the requirements on Anti-Money Laundering, with which the University must comply is:

- *The Proceeds of Crime Act 2002* – Primary regulations in the UK which define activity and offences.
- *Money Laundering and Terrorist Financing (Amendment) Regulations 2019* – Enhancing on the 2017 regulations, the 2019 regulations apply primarily to financial services companies but provide the key principles around transaction monitoring and customer due diligence that the University apply.
- *The Terrorism Act 2000* (as amended by *The Anti-Terrorism Crime and Security Act 2001* and the *Terrorism Act 2006*)
- *Criminal Finances Act 2017*

3.2 Money Laundering is the process of taking illegitimate proceeds from criminal activity and transforming them through various stages into what appear to be legitimate assets. Money Laundering has three stages:

- ***Placement***: Movement of criminal property/proceeds from their source.
  i.e. cash paid into a bank account
- ***Layering***: Transactions involved in concealing the origin.
  i.e. cash transferred to several other accounts overseas.
- ***Integration***: Movement of laundered proceeds into the economy.
  i.e. a 'front' company issues what appears to be a legitimate invoice and invoice is paid with 'layered' cash.

3.3 Any individual found to be connected with money laundering activity, at any stage, in the UK, could face 2 to 14 years imprisonment and unlimited fines.

3.4 It is important that all staff be aware of 'Relevant Circumstances', which are situations where the AML regulations would typically apply, relevant to the University's business activity.

3.5 There is no monetary limit on suspicious business activities that might give rise to money laundering concerns, which should be reviewed and risk assessed.

3.6 In terms of University business activity, all of the following examples would be considered relevant circumstances:

- Student paying large amounts of tuition fees in cash.

- Student paying the fees of another student who is not present.
- Sponsor/third party (not known to the University or knowingly connected to the student) paying the fees on behalf of the student.
- Overpayment of funds for no apparent reason, including subsequent requests for refunds of overpaid amounts, as well as payments received from unknown customers who then suggest an administrative error and require funds to be refunded.

3.7 Further examples of suspected Money Laundering can be found under Appendix C of this policy.

4. Responsibilities

4.1 To comply with the AML regulations and to ensure the University has appropriate internal controls to mitigate the risk associated with money laundering activity,the University must satisfy the following key requirements:

- Obtain, and retain for the duration of the relationship plus five years, evidence of the identity of our customers and details of the business relationship (KYC).
- Appoint a Money Laundering Reporting Officer (MLRO) for whom will assess disclosures before potentially reporting to authorities such as the National Crime Agency (NGA).
- Ensure disclosure processes are in place allowing reporting of suspicious or suspected activity to the MLRO.
- Ensure training is provided to assist all staff, particularly those with finance related roles, in understanding AML, including what processes are in place internally to facilitate disclosure and what they can do to help mitigate risk.

Employees

4.2 Money Laundering regulations apply to all employees, not just those in finance facing roles. Should any member of staff become aware that money laundering activity has or is taking place, or concerned about their own involvement in a situation, they must disclose this at the earliest opportunity to the MLRC. Failure to do so could result in the employee committing an offence and becoming personally liable to prosecution. In addition, the employee could become subject to internal investigation under the University Disciplinary Policy. Employees should use the 'AML

Disclosure Report' (Appendix A) to notify the MLRO and guidance in doing so is provided under Section 5.6 of this Policy 'Disclosure Procedure'.

Money Laundering Reporting Officer (MLRO)

4.3 The University's Money Laundering Reporting Officer is the designated individual within the University who will evaluate all disclosures and determine next steps.

4.4 The University's MLRO is the University Secretary and can be contacted via email: UniversitySecretary@bradford.ac.uk.

4.5 The MLRO's key responsibilities include:

- Oversight of the University's compliance with AML regulations
- Review of all disclosures including assessing the need to escalate to NCA.
- Retention of all disclosures, actions taken and annual reporting to audit committee.

5. Anti-Money Laundering Procedures

Know your Customer

5.1 Include in this section how the Policy will be implemented across the University. You may, for example, plan a programme of training to ensure all staff are aware of their responsibilities or have a communications plan to roll out a new Policy area. Know Your Customer (KYC) is the principle of establishing the true identity of the person/business that the University is entering into a transactional relationship with, which could be a student or a third-party sponsor for example. Students will always be asked to provide evidence of their identity via passports, birth certificate, proof of address, country of residence and nationality. Evidence in relation to businesses and third parties should include letter headed documents, companies house checks (or equivalent appropriate checks for overseas entities/individuals), credit checks and validity of key contacts.

5.2 The University prohibits engaging in business activity with any individual or entity listed on the HMRC UK Sanctions List or the HMRC UK Financial Sanction Target List. All members within scope of this policy must consult the MLRO where these sanctions list become of concern to any forthcoming business engagement.

Due Diligence

5.3 The University procurement function will always undertake due diligence where the value of a business-to-business engagement is valued at over £25,000. Staff should always consult the University's Due Diligence Framework when entering into potential new agreements particularly where significant monetary values are involved. This would include a credit check, minimum insurances and checking regulatory accreditations. Strict process to pay engagement procedures are in place within the University's procurement function to obtain KYC information at the supplier set up stage.

Cash Handling

5.4 The University continues to accept cash across its campus outlets. High value transactions are likely to only take place at the Payzone function in relation to tuition fee payments, but the University actively discourages students from carrying large amounts of cash on their person for security reasons. The University provides access to a range of alternative payment methods.

5.5 Regulation 28 (11) of the Money Laundering Regulations (2017) stipulate that source of funds must be checked where necessary and staff appointed to cash handling roles will be required to operate in line with documented cash handling procedures provided by the University's Chief Cashier (Payzone). The University, at its own discretion, will request source of funds information from any student or third party making a cash payment. In addition, any third party will be asked about their relationship with the student and for proof of ID.

5.6 The University is an active participant of the Bank of England Banknote Checking Scheme. Cash handling staff are trained on the checks required, and importantly all cash deposits are subject to UV light checks.

5.7 The University operates various Petty cash floats for its outlets across camps and procedures are in place to ensure that all withdrawals from the floats are entirely receipted.

Processing of Refunds

5.8 Any approved refund, for whatever reason, will only be returned to the original payer via the same payment route it was received to the same account (if not cash) that it was paid from. This includes all credit debit card payments both domestic and international plus

all direct bank transfers received into the University account. Point 24 of the Composite Fee Liability Policy confirms that tuition or bench free refunds will also be returned to the original source.

Sanctioned Countries

5.9 In addition to the information provided under section 4.2 regarding HMRC imposed sanctions, the University regularly conducts reviews in conjunction with our banking partners regarding their ability and willingness to accept international payments from countries which may be experiencing, for example, political or civil unrest. These additional sanctions are designed to protect the bank and the merchant from financial and reputational risk and the University is unable to circumvent these sanctions. This regular review allows the University to evaluate the risk of entering into business activity with individuals or entities from those countries. Should you require advice before entering into proposed activity involving a sanctioned country, please consult the MLRO.

Disclosure Procedure

5.10 Any staff member who has suspicions of potential money laundering activity must complete the Suspected Anti-Money Laundering Reporting Form (Appendix A) at the earliest opportunity. Submit the reporting form to the MLRO listed in section 4.3 of this policy. The report can be submitted confidentially (password protected) by email, or by post, but any post must be enclosed in an envelope marked "Confidential – to be opened by addressee only" and placed within another envelope that bears no confidential marking. You can enclose any evidence you think may assist the MLRO in their investigations. It may be necessary to request further information from other individuals and their details should be noted in the 'Other information' section of the AML reporting form for the MLRO to take forward. Do not make any further enquiries yourself as to avoid inadvertently alerting anyone who may be involved, unless specifically asked to do so by the MLRO.

5.11 Where there are suspicions around the MLRO's involvement in potential money laundering activity, the report should be directed to the Chair of the Audit Committee, whose contact details can be obtained via email: governance@bradford.ac.uk.

6. Related policies and standards / documentation

- Anti-Fraud Policy 2021
- Anti-Bribery Policy 2021
- Criminal Finances Policy 2021
- Financial Regulations 2021
- Whistleblowing Code 2016

7. Implementation and Training

7.1 The Policy is available on the University external intranet page and internally on the University Finance SharePoint site.

7.2 All staff members should familiarise themselves with this policy and the procedures, which have been implemented to support the University's compliance with AML regulations. The University provides Anti-Money Laundering eLearning, which all staff are encouraged to undertake but is mandatory for certain tranches of staff, particularly those involved in University finances.

8. Enforcement of this Policy and Sanctions

8.1 The approval of the Policy will be communicated through Faculty/Directorate senior management meetings.

8.2 Line Managers are responsible for raising awareness of all new and updated policies through their normal Faculty/Directorate communication channels.

8.3 The People and Organisations Development Team will work with Faculties/Directorates to identify appropriate provision of training, guidance and support to Line Managers on the implementation of this Policy.

8.4 It is imperative that line managers and employees follow the guidance within this Policy as failure to do so may result in disciplinary action and/or personal liability via legal proceedings.

9. Monitoring and Review

9.1 The impact of this Policy shall be reviewed by the Money Laundering Reporting Officer (MLRO).

9.2 A Data Protection Impact Assessment has been carried out covering the personal data aspects of this policy.

10. Appendices

Appendix A - AML Reporting Form

Appendix B - MLRO Report

Appendix C – Examples of Suspected Money Laundering

UNIVERSITY of BRADFORD

Appendix A: AML Reporting Form

Suspected Anti-Money Laundering – Reporting Form			
Name		***Faculty/Directorate***	
Tel		***Email***	
Details of suspected offence & offender(s)			
Name(s), address(es) & relationship with University			
Value & timing of activity involved.			
Nature of suspicions			
What investigation /enquiries have been undertaken to date & if anything, what has been established?			
Have you discussed your suspicions with anyone? If so, who, when and on what basis?			

UNIVERSITY of BRADFORD

Is any aspect of the transaction(s) outstanding and requiring consent to progress? (details)			
Other information (additional evidence, enclosures or commentary that may assist the MLRO)			
Signed		***Dated***	

UNIVERSITY of BRADFORD

Appendix B: MLRO Report

Money Laundering Report by MLRO (Retain for 5 years)			
Date Received		***Faculty/Directorate***	
Consideration of disclosure			
Key points identified			
Reasonable grounds of suspected money laundering?			
Will Suspicious Activity Report (SAR) be submitted to NCA? ***If yes, date submitted.*** ***If no, reason(s) for non-disclosure***			
Do we require NCA consent to proceed with a potentially illegal transaction(s) ***if yes, date consent received and date consent given to employee(s) involved***			
Signed		***Dated***	

Appendix C: Examples of Suspected Money Laundering

This list should not be considered exhaustive as money laundering can present itself under many different guises. The following are examples which could suggest money laundering activity or raise reasonability suspicion about the integrity of the activity.

- A customer, sponsor or third party not known to the University attempt to engage in a transaction.
- Unreasonable secrecy when requesting information.
- Unexplained involvement, or insistence of the involvement, of an apparent unconnected third party without reasonable explanation.
- Overpayments without reason.
- Absence of reasonable explanation for 'source of funds'.
- Noticeable change in usual business activity, i.e. size/frequency of payments.
- The insistence for refunds to be credited to alternative bank accounts.
- Knowledge of alleged improper business conduct by a third party.
- Payment of an invoice to a bank account not connected to the business name.
- Refusal to put business terms in writing.
- The offer of a gift in exchange for facilitation.