



# Falkner House Anti-Money Laundering Policy

## Nursery – Year 6 including EYFS

This anti-laundering policy sets out Falkner House's (the School's) approach to incoming funds to avoid the School being unwittingly used as a vehicle through which criminals seek to launder the proceeds of crime (Illicit Funds). Additionally, the School, or a member of staff, is at risk of committing a money laundering offence if they accept funds in circumstances where they have knowledge or a reasonable suspicion that the payment is from Illicit Funds. Members of staff need to be vigilant to the risk of accepting Illicit Funds and play their role in assisting law enforcement agencies in combating money laundering. The Proceeds of Crime Act 2002 (POCA) (as amended from time to time) imposes obligations on the School and individuals, in respect of money laundering and associated activities.

### **The purpose of this policy is to:**

- assist staff with identifying red flags that may be indicative of money laundering activities;
- reduce the risk of the School being used as a vehicle through which criminals can launder Illicit Funds; and
- let staff know what they should do if they have a concern that the School is at risk of accepting Illicit Funds.

The School is potentially vulnerable to being used as a vehicle through which a criminal may seek to launder Illicit Funds, for example a criminal may use them to pay fees or make a donation. Although fee payments are clearly an area of risk, the Bursar remains alert to all payments and if a transaction seems unusual, for example where it involves complex banking and transfer arrangements or payments from seemingly unconnected third parties, he will investigate further. Where there are factors, 'red flags', that indicate a higher risk of potential money laundering activity, the Bursar will consider what further steps or investigations are required before accepting the payment.

## Cash payments

It should be the exception that cash payments of more than £100 are accepted. If in an exceptional case the School is requested to accept a larger payment in cash, the Bursar will consider the circumstances relating to the payment and must obtain evidence to satisfy the School that the payment is being made from a legitimate source.

### **Such enquiries might include asking the parent for:**

- an explanation of why the payment is being made in cash;
- information and proof of how the cash was obtained.

The Bursar must consider the explanation and information provided by the parent and decide whether the School is able to accept the cash payment. In each case, the Bursar will make and retain a record of the decision made and



the supporting evidence. Where the parent is not able to provide a satisfactory explanation, the School must not accept the cash payment. If the Bursar is not satisfied that the funds are from a legitimate source, he must consider whether, in the circumstances, the School should make a suspicious activity report (SAR) to the National Crime Agency (NCA).

## **Key areas of risk for the School**

Money laundering can take many forms, but in relation to the School it could involve, but will not be limited to:

- the payment of fees;
- the payment of fees from third parties;
- the donation of sums for no obvious reason;
- the payment in advance of fees; and
- the requested return of donation or fees paid in advance.

These examples are not exhaustive, and the School should remain vigilant in relation to all payments the School receives.

## **Donations**

Donations are a particular area of potential risk faced by the School. To mitigate the risk the School should know, at least in broad terms, from where the money that is being donated originates and should be able to identify and be assured of the provenance of substantial donations. A good, open and transparent relationship between the School and its donors is essential for building trust and confidence.

### **Good due diligence will help to:**

- assess any risks to the School that may arise from accepting a donation;
- ensure that it is appropriate for the School to accept money from the particular donor;
- give the School reasonable assurance that the donation is not from any illegal or inappropriate source; and
- ensure that any conditions that may be attached to the donation are appropriate and can be accepted.

Where a substantial donation is being made the Bursar reviews what they know about the donor and the proposed payment using the checklist in Annex A to this policy. If when, completing the checklist, the Bursar identifies any red flags, he must report the concern to the Principle immediately.

## **Requests for repayments**



The School's policy is that any refunds or repayments of sums paid to the School can only be remitted to the bank account that made the payment. If a parent or donor asks for a refund to be made to a different account, in particular one that belongs to someone other than the original payer, the Bursar must make further enquiries.

## Accepting Payments

**When accepting payments or donations the School needs to be confident that it knows both:**

- who is making the payment or donation; and
- the source of funds that are being used to fund the payment.

**The School will also use the following Charity Commission advice to assess the risk of money laundering:**

- 'identify' 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 involves' and be assured that it is appropriate for the School to be involved with the organisation;
- 'know what their specific business is with the School' and have confidence that they will deliver what we want them to; and
- 'watch out' for unusual or suspicious activities or requests.

If the School is not satisfied with the explanation or evidence provided to support these factors, the School should obtain further information from the parent or donor. The section below "Warning Signs" provides an indication of the circumstances when the School will carry out further investigations about the payer.

## Warning Signs

Annex A to this policy provides a non-exhaustive checklist of potential 'red flags' that may indicate a higher risk of potential money laundering. These questions form part of the School's risk assessment when accepting payments. They are potentially relevant to all transactions and payments accepted by the School.

The School is not expected to consider every payment in detail against the red flag checklist but on a case by case basis. The Bursar has identified the payments listed below as being payments that may expose the School to a higher risk of money laundering.

**If a proposed payment is within one of the specified risk categories, the bursar will complete the 'red flag' checklist before the School can accept the payment:**

- donations
- cash payments over £100
- payments from high-risk countries



- payments from Politically Exposed Persons (PEPs)

The UK list of high risk countries should be checked before accepting payments and can be found at the following link:

<https://www.gov.uk/government/publications/money-laundering-advisory-notice-high-risk-third-countries--2/money-laundering-advisory-notice-high-risk-third-countries--2>

Where payments are within one of the risk categories listed above members of staff must consider the payment against the red flag checklist before the payment can be accepted by the School. You must promptly report any concerns to the Bursar. All staff, but particularly the Bursar, who in the course of his day-to-day work is likely to deal with financial transactions, including the payments of fees and donations, ensures that he is familiar with the checklist and understand the nature of the red flags that should be reported to the headteacher. If a member of staff identifies a red flag in relation to any payment or proposed payment you must report your concerns to the Bursar immediately. Where you make a report to the Bursar you must not discuss your concerns with any other person, including other members of staff, pupils, parents or a donor as this could result in you, or the School, committing a secondary offence of prejudicing an investigation.

## **The Bursar's actions where a payment seems suspicious.**

When a potential red flag payment is identified, the Bursar will make enquiries about the circumstance of the payment including:

- asking the payer to explain who is making the payment where this is not clear;
- asking for an explanation of why the payment is being made in a particular way, for example, where payments are being made from a variety of sources or accounts;
- asking the payer for proof of the source of the funds; or
- carrying out a google or other internet search to establish that the payer is not involved in alleged criminal activities.

After having made appropriate enquiries, the Bursar decides whether:

- the payment can be accepted;
- further explanation or evidence as the legitimacy of the funds is required;
- the School should submit a SAR; and
- the School should make a report to the Charity Commission.

The Bursar will keep a record of the decision made in relation to the payment and the evidence supporting the decision.



## Reporting to the National Crime Agency

If the parent (or payer) or donor is not able to provide a satisfactory explanation or where there are other factors (for example adverse media publicity) that cause the Bursar to have a reasonable suspicion or knowledge that the funds being used to make the payment may be Illicit Funds, the Bursar must make a suspicious activity report (SAR) to the NCA and, where appropriate request consent to proceed with the transaction. If the School has requested a defence against a money laundering offence (DAML) in the SAR the School should not accept, pay away, return or otherwise use the suspicious payment for any purpose until the time limit for the NCA to respond to the SAR has expired.



## Annex A

### Checklist for identifying potentially suspicious transactions

The following questions are considered by the bursar in relation to each high-risk payment. If any of the answers to the questions are yes, the bursar must refer the payment to the headteacher for further consideration. This list is not exhaustive.

	Potential red-flags	Ask...	Yes/ No
1.	Transactions	Are payments to the School unusual because of their size, frequency or the manner of their execution? For example: Is the parent unexpectedly or unusually making lots of small payments from several different accounts? Are the payments unexpectedly being paid from a different account?	
2.	Bank account:	Is the payment being made from an account that is not in the same name as the payer?	
3.	Arrangements	Does the payment involve complex or illogical arrangements that make it unclear who is making the payment? For example: Is the payment coming from a variety of sources or payers? Is the payer seemingly unconnected to the pupil, parent or donor?	
4.	Third party payments	If the payment is from an account that is not the parent's account is the connection between the third-party making the payment and the pupil unclear? For example, is the payment from someone who is not the parent's employer or a known relative of the pupil?	
5.	Internet search	Are there any adverse media articles about the payer suggesting an involvement in criminal activities?	
6.	Erroneous payments	Has the School been asked to reverse a payment made because the payment was made in error? Has the School been asked to send a repayment to a person that is different to the original payer?	
7.	Country of residency	Is the parent resident in or have they recently relocated from, a high-risk country?	



8.	PEP (Politically Exposed Person – broadly an individual who is performing a prominent public function)	Are either of the parents or the person paying the fees (where different) a PEP? If the parent is a PEP, is their business activity unusual given the public role they hold?	
9.	Assets:	Does it seem that a parent's assets are inconsistent with their known legitimate income?	
10.	Resources	Are the funds being used bearer's cheques or cash?	
11.	Identity	Is the payer difficult to identify?	
12.	Early or quick payments	Is the parent unusually anxious to make a payment? Is the parent unable to justify why they need to make the payment quickly or early?	
13.	False documents	Do any documents appear to be falsified?	
14.	Representative	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?	