

ANTI-MONEY LAUNDERING POLICY

Last reviewed:	March 2022
Next review due:	March 2023
Reviewed by:	Bursar Global Compliance Officer (Nord Anglia Education)

1. Definition

Money laundering is the process by which the proceeds of criminal or illegally obtained money are processed or spent to create the appearance that they have come from a legal source. Whilst this policy focuses on fee payments in cash, the school should also be vigilant in relation to other payments, for example donations, or other unusual payments, particularly where these involve complex banking and transfer arrangements.

Money laundering is a term designed to cover several offences. These offences relate to the improper handling of funds that are the proceed of criminal acts, or terrorist acts, so that they appear to come from a legitimate source. It relates to both the activities of organised crime but also to those who benefit financially from dishonest activities such as receiving stolen goods.

Money Laundering is described as:

“a scheme in which criminals try to disguise the identity, original ownership, and destination of money that they have obtained through criminal conduct. The laundering is done with the intention of making it seem that the proceeds have come from a legitimate source”.

2. The school's responsibility

The school is potentially vulnerable to this threat and the consequences of being involved in an instance of money laundering may have a severe impact on the school's reputation.

It should be the exception that cash payments of more than £100 are accepted. It may be, very exceptionally, that a cash donation, or the payment of a terms fees has to be accepted. If so, this would be classed as a large or unusual transaction and the school will ask the parent, guardian or benefactor for information on how the cash was obtained and seek proof of this.

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 by third parties;
- the donation of sums to projects for which an appeal is being run;
- the donation of sums for no obvious reason;
- the payment in advance of fees; and/or
- the requested return of fees paid in advance.

In addition, these activities could also add to a second “laundering” activity where reputations are reviewed and refreshed with injections of illicit wealth into acquisitions (cars and homes particularly) which complement the reputation generated by a family by having their child or children in a prestigious independent school.

3. Risk assessment

To guard against this risk the school will use the Charity Commission advice to assess the risk of money laundering as, although the school is not a charity, the principles are applicable:

- **'identify'** – know who the school is dealing with;
- **'verify'** – verify identities, where this is reasonable and if the risks are high;
- **'know what the organisation's or individual's business is'** – and be assured it is appropriate for the school to be involved with it;
- **'know what their specific business is with the school'** – and have confidence that they will deliver what the school wants them to; and
- **'watch out'** for unusual or suspicious activities, conducts or requests.

The questions in Annex A below form part of a risk assessment for Bursary staff to assess the source of money being offered to the school. If one or more of the factors in the risk assessment is present the school will make further enquiries to satisfy itself that the payment is being made from legitimate sources before the school accepts the payment.

The risk assessment should also be completed for every sum of more than £100 accepted in cash.

In addition the school uses Flywire as the preferred payment means for collecting international income to reduce the risk. Further details are provided in Annex B.

4. Named people subject to financial sanction

To aid with sanction searches, the school will use the search tool issued by the UK Office of Financial Sanctions Implementation <https://sanctionssearch.ofsi.hmtreasury.gov.uk/>.

The UK government and ICAEW have released the following list of people who are currently under sanction due to Russia’s involvement in Ukraine [Russia: list of persons named in relation to financial and investment restrictions](#).

If the school discovers any of these names in connection with the school, their resources will be frozen and the matter reported to the Office of Financial Sanctions Implementation.

5. Admission sanctions

The school will follow admissions guidelines contained in the Nord Anglia Education document ‘Guidance on Sanctions Monitoring – boarding schools (Admissions)’. The school will not engage in any transaction with any person or entity in countries subject to US and UK financial sanctions programmes.

Sanction checks will be based on the nationality of the parents and guardians, not that of the student.

5. 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 National Crime Agency 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 National Crime Agency to respond to the SAR has expired.

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Associated policies:

School policies available from the [school website](#):

- Anti-bribery and corruption policy
- Anti-fraud policy

Nord Anglia Education policies available to staff from the [NAE intranet](#):

- Anti-corruption & bribery policy
- Financial sanctions policy
- Guidance on sanctions monitoring – boarding schools (Admissions)

Sources:

Fee payments, donations and money laundering guidance, ISBA, March 2021

Fresh sanctions as Russia invades Ukraine, Institute of Chartered Accountants in England and Wales (ICAEW), Feb 2022

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Annex A

The Bursary staff are to watch for the following warning signs, and should any of the following questions give a “yes” answer the Bursar should be informed:

1. Transactions: are transactions unusual because of their size, frequency or the manner of their execution, in relation to the parent's known business type?
2. Structures: do payments involve complex or illogical arrangements that make it unclear who is making the payment?
3. Assets: does it appear that a parent's (or guardian's) assets are inconsistent with their known legitimate income?
4. Resources: are a parent's funds made up of a disproportionate amount of private funding, bearer's cheques or cash, in relation to their socio-economic profile?
5. Identity: has the parent taken steps to hide their identity, or is the payer difficult to identify?
6. PEP (Politically Exposed Person) – is the parent (or guardian) engaged in unusual private business given the public role they hold?
7. Country of residence: are the parents native to, resident in or recently relocated from a red list or high-risk country?
8. Speed of transaction: is the parent (or guardian) unusually anxious to complete a transaction or are they unable to justify why they need the payment to be undertaken quickly?
9. Erroneous payments: has the school been asked to reverse a payment made because the payment was made in error, or been asked to send a repayment to a person that is different to the original payer?
10. False documents: are information or documents being withheld by the parent (or guardian) or their representative, or do they appear falsified?

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Annex B

Flywire is a tuition fee payment processor and is used by more than 1,800 institutions worldwide and 60 independent schools in the UK.

The Flywire solution offers institutions a secure online payment portal to improve the way tuition fees and related payments from students and parents are collected. Through Flywire, institutions can limit the number of technical integrations required, have visibility over the payment life cycle, and reduce time spent on the reconciliation of payments whilst offering their payers multiple payment options, from credit card and bank transfer to e-wallet options.

This reduces the need or incentive for any payer to risk transporting large amounts of cash across borders for payment at the institution. Payers can be directed to make a payment through Flywire prior to arrival at the institution.

As a payments institution authorised by the Financial Conduct Authority, Flywire is subject to compliance with anti-money laundering and fraud rules and regulations. The company is required to ensure that it has an anti-money laundering compliance programme in place in order to reduce risk, and to include adequate controls to prevent financial crime against its business and clients.

When making refunds to payers, the Flywire solution includes the ability to limit the financial crime risks and fraud risks, offering a managed solution to ensure and verify that the funds are always returned to the originating source.

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