

Anti-Money Laundering Policy

Applies to:

- All staff (teaching and non-teaching), the directors and volunteers working in the School.
- Pupils, Parents, Guardians and Caregivers and Prospective Pupils

Availability:

This policy is made available in the following ways:

- The School's website www.radnor-sevenoaks.org;
- Via Teams, All Staff Shared Documents, Compliance, Policies;
- On request a copy may be obtained from the School's Office.

Monitoring and Review:

- This policy will be subject to continuous monitoring, refinement and audit by the Head.
- The Board of Directors undertake a formal annual review of this policy.

Signed:



David Paton
Head



Ian Davies
Chairman of the Board of Directors

Reviewed: September 2024
Next Review: September 2025

1. Introduction

- 1.1. Radnor House Sevenoaks (the School) could be 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 Illicit Funds in circumstances where they have knowledge or a reasonable suspicion that the payment is from Illicit Funds.
- 1.2. Members of staff need to be vigilant to the risk of accepting Illicit Funds and play their role in assisting law enforcement agencies in combatting money laundering. The Proceeds of Crime Act 2002 (POCA) (as amended from time to time) imposes obligations on the School and staff members personally, in respect of money laundering and associated activities. The purpose of this policy is to:
 - 1.2.1. assist staff with identifying red flags that may be indicative of money laundering activities;
 - 1.2.2. reduce the risk of the School being used as a vehicle through which criminals can launder Illicit Funds; and
 - 1.2.3. let staff know what they should do if they have a concern that the School is at risk of accepting Illicit Funds.

2. What is money laundering?

- 2.1. Money laundering is the process by which Illicit Funds are processed or spent to create the appearance that they have come from a legal source. Although cash-based money laundering continues to be a major method of laundering Illicit Funds in the UK, stricter rules have made it more difficult for criminals to introduce Illicit Funds into the UK banking system. Consequently, criminals are using more inventive methods to disguise the origins of their cash and staff should be alert to practices and payments that they consider to be suspicious, including payments made to the School via bank transfer.
- 2.2. The term 'money laundering' covers several offences each of which relate to the improper handling of Illicit Funds so that they appear to come from a legitimate source. Money laundering underpins most forms of organised crime, allowing criminals to further their operations. However, it can also benefit individuals engaging in bribery and dishonest activities such as receiving stolen goods or tax evasion.

3. Risks to the School

- 3.1. The School is potentially vulnerable to being used as vehicle through which a criminal may seek to launder Illicit Funds, for example a criminal may use their Illicit Funds to pay fees or make a donation. Although fee payments are clearly an area of risk, as a member of staff you should remain alert to all payments and if a payment seems unusual, for example where it involves complex banking and transfer arrangements or payments from seemingly unconnected third parties you should refer the payment to the Director of Finance and Operations.
- 3.2. Whilst the School is unlikely to have satisfied the threshold for committing a money laundering offence where the School or member of staff was unaware that a payment was made from Illicit Funds, members of staff must not turn a blind eye. Where there are factors, 'red flags', that indicate a higher risk of potential money laundering activity, staff must refer the concern to the Director of Finance and Operations who will consider what further steps or investigations are required before accepting the payment.
- 3.3. Even if the School has not committed a money laundering offence, if criminals use Illicit Funds to make payments to the School, being involved in an instance of money laundering may have a severe impact on the School's reputation.

4. Cash Payments

- 4.1. Criminals are increasingly inventive in finding ways to introduce Illicit Funds into the banking systems and although payments made through a bank transfer cannot guarantee that the funds are not from Illicit Funds the risk to the School is increased where the School accepts payments in cash. Accordingly, it should be the exception that cash payments of more than £100 are accepted.

- 4.2. In exceptional cases the School may allow a larger payment to be made in cash. Before agreeing to accept a larger cash payment, the Director of Finance and Operations will consider the circumstances relating to the payment. The Director of Finance and Operations will obtain evidence to satisfy the School that the payment is being made from a legitimate source. Such enquiries might include asking the parent for:
 - 4.2.1. an explanation of why the payment is being made in cash;
 - 4.2.2. information on how the cash was obtained; and
 - 4.2.3. proof of this.
- 4.3. The Director of Finance and Operations will 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 Director of Finance and Operations 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.
- 4.4. If the Director of Finance and Operations is not satisfied that the funds are clean, the Director of Finance and Operations will consider whether, in the circumstances, the School should make a suspicious activity report (SAR) to the National Crime Agency (NCA).

5. Key areas of risk for the School

- 5.1. Money laundering can take many forms, but in relation to the School it could involve, but will not be limited to:
 - 5.1.1. the payment of fees;
 - 5.1.2. the payment of fees from third parties;
 - 5.1.3. the donation of sums to projects for which an appeal is being run;
 - 5.1.4. the donation of sums for no obvious reason;
 - 5.1.5. the payment in advance of fees; and
 - 5.1.6. the requested return of donation or fees paid in advance.
- 5.2. These examples are not exhaustive, and as a member of staff you should remain vigilant in relation to all payments the School receives.

6. Requests for repayments

- 6.1. 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, staff will refer this to the Director of Finance and Operations promptly.

7. What warning signs should staff be alert to?

- 7.1. The Annex to this policy provides members of staff with 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.
- 7.2. The School is not expected to consider every payment in detail against the red flag checklist and will consider payments on a risk basis.
- 7.3. 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. Any concerns will be promptly reported to the Director of Finance and Operations.
- 7.4. All staff, but particularly those staff who in the course of their day-to-day work are likely to deal with financial transactions, including the payments of fees and donations, must ensure that they are familiar with the checklist and understand the nature of the red flags that should be reported immediately to the Director of Finance and Operations.

7.5. Where you make a report to the Director of Finance and Operations 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.

8. What will the Director of Finance and Operations do when a payment seems suspicious?

- 8.1. Where a member of staff identifies a red flag in relation to a payment the Director of Finance and Operations will consider the relevant circumstances relating to the transaction that has raised the concern. The enquiries the Director of Finance and Operations will make will depend on the circumstances, but could include:
 - 8.2. asking the payer to explain who is making the payment where this is not clear;
 - 8.3. 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;
 - 8.4. asking the payer for proof of the source of the funds; or
 - 8.5. carrying out a google or other internet search to establish that the payer is not involved in alleged criminal activities.
- 8.6. After having made appropriate enquiries, the Director of Finance and Operations will decide whether:
 - 8.6.1.1. the payment can be accepted;
 - 8.6.1.2. further explanation or evidence as the legitimacy of the funds is required; and
 - 8.6.1.3. the School should submit a SAR.
- 8.7. The Director of Finance and Operations will keep a record of the decision made in relation to the payment and the evidence supporting the decision.

9. Reporting to the National Crime Agency

- 9.1. 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 Director of Finance and Operations to have a reasonable suspicion or knowledge that the funds being used to make the payment may be Illicit Funds the Director of Finance and Operations must make a suspicious activity report (SAR) to the NCA and, where appropriate request consent to proceed with the transaction.
- 9.2. 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.

10. Training

- 10.1. The School will train its relevant staff from time to time on how to limit the money laundering risks faced by the School by enabling staff to spot potential 'red flags' and what steps they must take if a potential risk factor is identified.
- 10.2. If any member of staff has any concerns or would like further information on what they should do in the event of a concern about money laundering the member of staff should contact the Director of Finance and Operations in the first instance.

Appendix 1

Checklist for Identifying Potentially Suspicious Transactions

You must consider the following questions in relation to each high-risk payment. If any of the answers to the questions are "yes", you must refer the payment to the Director of Finance and Operations for further consideration. This list is not exhaustive. Even if all the answers to the questions are "no" if something seems unusual you must raise your concern with the Director of Finance and Operations.

	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? You should ask the Director of Finance and Operations Director for the current list of high risk countries.	

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?	