

The University of Manchester

Money Laundering Policy

1. Introduction

The Proceeds of Crime Act 2002, The Terrorism Act 2002 and the Money Laundering Regulations 2007, impose obligations on the University in respect of money laundering and associated activities. The definition of money laundering activities under the above legislation is wide and all companies and institutions, including the University, are subject to the legislation. Non-compliance with this legislation carries financial and reputational penalties for both the University and its staff.

The purpose of this policy is to ensure that the University and its staff comply with the legislation, and are aware of their respective obligations.

2. What is money laundering?

Money laundering is defined as:

- (i) concealing, disguising, converting, and/or transferring criminal property or removing it from the UK;
- (ii) entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person; and/or
- (iii) acquiring, using or possessing criminal property.

Money laundering is taken to encompass activity relating to terrorist financing including the handling of funds used for terrorist purposes as well as proceeds from terrorism.

A number of associated offences are also specified in the legislation:

(i) the due diligence offences of:

- failure to apply customer due diligence;
- failure to apply ongoing monitoring of business relationships and customer due diligence;
- failure to comply with timing on verification of clients and any beneficial owner;
- failure to apply enhanced customer due diligence and monitoring where required;
- failure to keep required records; and/or
- continuing with a business relationship where unable to apply due diligence.

(ii) the disclosure offences of:

- making a disclosure to a person which is likely to prejudice a money laundering investigation (“tipping off”);
- failure to disclose money laundering or associated offences; and/or
- prejudicing an investigation.

3. What types of transactions are covered?

The Money Laundering Regulations apply to all cash and monetary transactions. The Proceeds of Crime Act applies to all transactions and can include dealing with agents, third parties, property or equipment, cheques, cash or bank transfers.

In the context of the University, activities such as the payment of fees by students, gifts and donations, or agreements and contracts with commercial organisations may fall within the legislation.

4. What are the University's obligations?

Within the University, the Director of Finance is responsible for instituting controls to prevent and detect money laundering through the University's accounts, and for ensuring the University complies with the Proceeds of Crime Act 2002, the Money Laundering Regulations 2007, and all other relevant legislation.

The Director of Finance is the appointed Money Laundering Reporting Officer for the University, and, as such, receives, considers and reports, as appropriate, on any disclosure of suspicious activities by staff.

5. What are the obligations on University staff?

Money laundering legislation applies to both the University and all its staff. A failure to comply with the legislation could result in civil action against the University and criminal action, and a personal liability to prosecution for its staff, which could result in up to 14 years imprisonment or a large fine.

Any member of staff could be potentially committing an offence if he or she suspects money laundering, becomes involved in some way, or does nothing about it. Disciplinary action under the University's procedures may be taken against any member of staff who fails to comply with this policy.

All staff should have in mind the following when carrying out their day to day work:

(a) Due diligence

All rules issued by the Director of Finance (or approved nominee) requiring the vetting of potential donors, customers and suppliers are binding on all staff. It is important that the University gathers knowledge about its students, agents, suppliers, customers, donors, and third parties and other organisations, before entering into a business relationship.

The Director of Finance (acting through the Procurement Office) must appraise requests for new suppliers and, if approved, implement them on the Oracle Financial system. This may involve seeking clarification that potential suppliers are solvent and comply with legislation concerning money laundering.

The Director of Finance, together with the Deputy President and Deputy Vice Chancellor, the Registrar, Secretary and Chief Operating Officer and the Deans of Faculties, is responsible for maintaining financial records, including details of any restrictive terms and conditions, in respect of gifts, endowments, benefactions and donations made to the University. The Board has approved a Gift Acceptance Policy which includes appropriate due diligence, and is linked to the diligence outlined below.

To enable due diligence to be carried out, the following information should be obtained from all students, donors, agents, suppliers, third parties and other organisations:

- (i) the identity of the individual or organisation;
- (ii) the purpose and nature of intended relationship with the University;
- (iii) source of funds;
- (iv) the nature of individual or organisation, where the organisation is not a company whose securities are listed on a registered market; and
- (v) where an organisation:
 - who owns it (including beneficial owners); and
 - who controls it.

Evidence should be sought on the above, so that an appropriate audit trail can be put in place. Such evidence may include:

- (i) valid passport, national ID card, birth certificates;
- (ii) public record searches in the UK and overseas;
- (iii) documentary evidence from government departments;
- (iv) documents filed at Companies House or the overseas equivalent;
- (v) documents issued by businesses regulated by the FSA or overseas equivalent;
- (vi) certified copies of original documents; and/or
- (vii) annotated documents such as internet printouts with the detail of who obtained the evidence and when it was obtained.

In addition, any internet payment system used by the University must comply with accepted standards for security, data protection, prevention of money laundering and ensure the existence of a full audit trail.

Much of the due diligence outlined above will be achieved through compliance with the Financial Regulations, and Financial Procedures, and the policies and procedures put in place within the organisational framework, but all staff should ensure that appropriate checks have been carried out.

Faculties, Schools and central departments must maintain records for at least six years of identification evidence and any financial transactions carried out. Such information is often also required for tax purposes.

(b) Possible signs of money laundering

Staff should be alert to money laundering at all times. Possible signs of money laundering include:

- (i) a person or company makes a large cash payment to the University, but fails to provide proper evidence to confirm their identity and address;
- (ii) a person or company doing business with the University lacks proper paperwork. (Examples may include invoices that exclude VAT, fail to quote a VAT number or invoices issued by a

limited company that lack the company's registered office and number. Such information can be verified on the Companies House website, www.companies-house.gov.uk);

- (iii) a person or company attempts to engage in "circular transactions", where a payment to the University is followed by an attempt to obtain a refund from the University's accounts. (This may occur where a student pays a significant sum in fees, and then withdraws and seeks a refund);
- (iv) unusual or unexpected large payments are made into the University's accounts; and/ or
- (v) a potential supplier submits a very low quotation or tender. In such cases, the business may be subsidised by the proceeds of crime with the aim of seeking payment from the University in "clean" money.

This list is not intended to be exhaustive and money laundering can take many forms. If you are uncertain as to whether an activity may fall within the definition of money laundering you should seek advice from the Director of Finance as soon as possible.

(c) Reporting irregularities

The Director of Finance must be informed, as soon as is practical, in writing of any irregularity or suspected irregularity concerning financial matters, including any cause to suspect that a transaction with the University may be a cover for money laundering activity. As much information as possible should be provided including:

- (i) details of the people and or organisations involved;
- (ii) full details of the transaction and nature of each persons involvement in the transaction;
- (iii) suspected type of money laundering activity or use of the proceeds of crime with detailed reasons for your suspicions;
- (iv) dates, times, place and methods of any transactions undertaken and the likely amounts of money or assets involved; and
- (v) any other relevant information.

To avoid committing the offence of tipping off, once reported to the Director of Finance, staff should not make further enquiries into the situation, nor should they discuss their concerns with others unless instructed to do so by the Director of Finance.

6. Investigation

The Registrar, Secretary and Chief Operating Officer is ultimately accountable for the investigation of all such matters, but will usually delegate to the Director of Finance the responsibility for setting up such investigations.

The Director of Finance will note and acknowledge any disclosure received and advise the individuals involved as to when a response can be expected. The Director of Finance shall then undertake such further enquiries as necessary to investigate the matter. Inquiries will be carried out in such a way as to avoid the appearance of any tipping off of those involved. The Director of Finance shall report all suspected incidents of money laundering to the competent authorities. Under the Proceeds of Crime Act, this requires a suspicious activity report to be forwarded to the National Crime Intelligence Service. The Director of Finance shall use his or her discretion in deciding whether to suspend a transaction whilst any report to the competent authorities is made.

All disclosures and relevant documents will be retained in a confidential file by the Director of Finance for a minimum of six years.

If you have any queries about this policy please contact Laurence Clarke for further information.

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Related policies:	<ul style="list-style-type: none"> • Bribery Policy • Gift Acceptance Policy
Related procedures:	<ul style="list-style-type: none"> • Financial Procedures
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Lead contact:	Laurence Clarke, Internal Control Accountant (xt 52139) Laurence.A.Clarke@manchester.ac.uk