

TEDI-LONDON

Anti-Money Laundering (AML) Policy

Summary	The purpose of this document is to make all staff and students of TEDI-London aware of the Anti-Money Laundering legislation we have to follow, and the processes put in place to mitigate against this risk.		
Policy Owner	Chief Finance Officer		
Policy Sponsor	Director of Resources		
Policy applies to	All TEDI-London staff and students		
Relevant Legislation/ Policies	<i>-Money Laundering, Terrorist Financing & Transfer of Funds Regulations 2017 (MLR 2017)</i> <i>-Criminal Finances Act 2017</i> <i>-Proceeds of Crime Act 2002</i> -Anti Bribery and Corruption Policy		
Equality impact assessment completed	[date]		
Version	1.0		
Approved by	Exec	Approval date	
Date of implementation		Date of next formal review	

DOCUMENT CONTROL

Date	Version	Action	Amendments
10.01.2021	1.0	K Jenkins	Policy Drafted following guidelines set out by the British University's Finance Director Group (BUFDG)

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1. INTRODUCTION

- 1.1. The purpose of this policy is to ensure all staff and students of TEDI-London are aware of the strict anti-money laundering protocols that we must follow.
- 1.2. In the UK, the approach to preventing money laundering and terrorist financing is based on objectives that are specified in legislation and/or Financial Conduct Authority (FCA) rules.
- 1.3. Key elements of the UK Anti-Money Laundering (AML) Framework that will apply to TEDI-London include:
 - *Proceeds of Crime Act 2002* (as amended)
 - *Terrorism Act 2000* (as amended by the Anti-terrorism, Crime and Security Act 2001)
 - Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017)
 - *Counter-terrorism Act 2008, Schedule 7*
 - HM Treasury Sanctions Notices and News Releases
 - Joint Money Laundering Steering Group (JMLSG) Guidance
- 1.4. This policy reflects the requirements of the EU's Fourth Money Laundering Directive which have been transposed into UK law through the Money Laundering Regulations (MLR) 2017.

2. POLICY STATEMENT

- 2.1. TEDI-London is committed to the highest standards of openness, transparency, and accountability and to conducting its affairs in accordance with the relevant legislative frameworks and regulatory body requirements.
- 2.2. TEDI-London will uphold the UK AML Framework and its elements as set out in paragraph 1.3. We recognise that there are severe penalties that can be imposed on individuals connected with any stage of laundering money. Offences relevant to TEDI-London include:
 - failing to report knowledge and/or suspicion of money laundering;
 - failing to have adequate procedures to guard against money laundering;
 - knowingly assisting money launderers;
 - tipping-off suspected money launderers;
 - recklessly making a false or misleading statement in the context of money laundering.

- 2.3. In practice, an ostensibly legitimate and regular transaction – such as the payment of student fees and their subsequent refund – can disguise money laundering and therefore TEDI-London needs to ensure it has a range of policies and procedures to ensure we do not become involved in money laundering by inadvertently legitimising suspect individuals or transactions.

3. SCOPE OF THIS POLICY

- 3.1. This policy applies to all employees, whether temporary, fixed-term, or permanent, consultants, contractors, trainees, seconded staff, home workers, casual workers, agency staff, volunteers, interns, agents, sponsors, or any other person or persons associated with us - including third parties, or any subsidiaries or their employees, no matter where they are located (within or outside of the UK). This policy also applies to Board, and/or Committee members at any level.
- 3.2. In the context of this policy, third-party refers to any individual or organisation our company meets and works with. It refers to actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies – this includes their advisors, representatives and officials, politicians, and public parties.

4. DEFINITION OF MONEY LAUNDERING

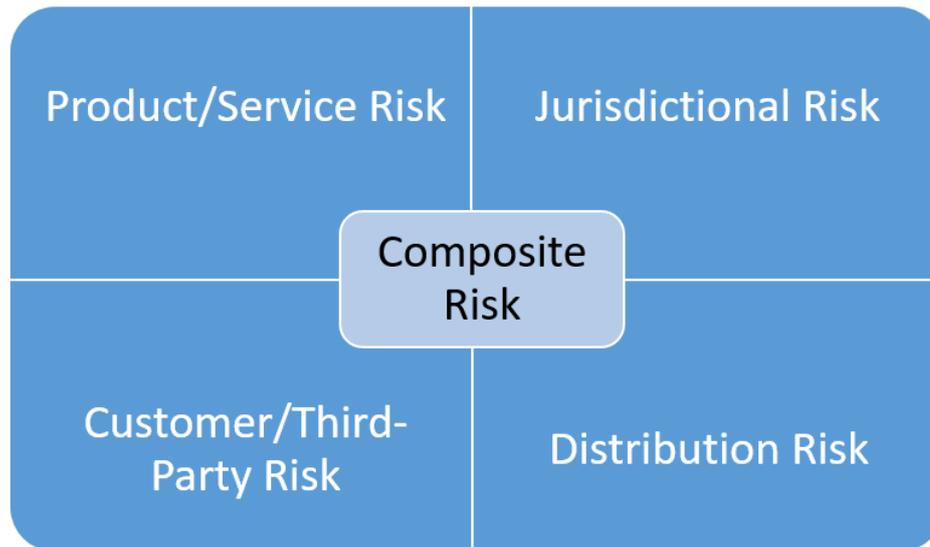
- 4.1. Money Laundering is the process of taking profits from crime and corruption and transforming them into legitimate assets. It takes criminally-derived 'dirty funds' and converts them into other assets so they can be reintroduced into legitimate commerce. This process conceals the true origin or ownership of the funds, and so 'cleans' them.
- 4.2. There are three stages in money laundering; placement, layering and integration. Placement is where the proceeds of criminal activity enter into the financial system; layering distances the money from its illegal source through layers of financial transactions; finally, integration involves the re-introduction of the illegal proceeds into legitimate commerce by providing an apparently-genuine explanation for the funds.
- 4.3. Most anti-money laundering laws that regulate financial systems link money laundering (which is concerned with source of funds) with terrorism financing (which is concerned with destination of funds).

5. ROLES AND RESPONSIBILITIES

- 5.1. The Chief Finance Officer has overall responsibility for this Policy which will be reviewed by the Audit and Risk Committee.
- 5.2. The CFO is also the primary contact for any further information or to report any suspicious activity. The CFO is responsible for:
- Receiving reports of suspicious activity from any employee in the business;
 - Considering all reports and evaluating whether there is – or seems to be, any evidence of money laundering or terrorist financing;
 - Reporting any suspicious activity or transaction to the Serious Organised Crime Agency (SOCA) by completing and submitting a Suspicious Activity Report;
 - Asking SOCA for consent to continue with any transactions that must be reported and making sure that no transactions are continued illegally
- 5.3. All those who are in a contractual relationship (or intend to form one) are expected to comply with the UK Anti-Money Laundering Framework.
- 5.4. The Leadership Team is responsible for overseeing contracts and casual or voluntary appointments within their areas of activity and are required to ensure this policy is complied with in respect to these relationships.
- 5.5. If any employee breaches this Policy (this includes suspecting/ discovering money laundering and not reporting it), they will face disciplinary action and could face dismissal for gross misconduct.

6. RISK ASSESSMENT OF MONEY LAUNDERING

- 6.1. The AML Framework requires TEDI-London to undertake a risk assessment and assess its exposure to money laundering. There are 4 main areas that need to be considered to assess our overall risk.



- 6.2. Product/ Service Risk: Risks associated with TEDI-London’s standard products and service offerings.
- 6.3. Jurisdictional Risk: Risks associated with geography, location and jurisdiction including, but not limited to, countries where TEDI-London may operate, the location of customers, suppliers and/or agents, and transactional sources/destinations.
- 6.4. Customer/ Third Party Risk: Risks associated with the people and/or organisations that we undertake business (in all forms) with including customers/third-parties, beneficial owners, agents, contractors, vendors, and suppliers. Politically Exposed Persons (PEP’s) and Sanctioned Parties are also considered within this risk.
- 6.5. Distribution Risk: Risks associated with how we undertake business, including direct and indirect relationships (e.g., via an agent or third-party), face-to-face, digital/online, and telephonic.
- 6.6. The Joint Money Laundering Steering Group (JMLSG) and Financial Crimes Authority (FCA) Financial Crime Guidance provide advice for assessing the anti-money laundering risks associated with these risk headings, and what activities may increase those risks. Typically, these would include:
- Product/ Service and Distribution; Cash transactions, anonymous transactions, non-face-to-face transactions, transactions involving unknown third-parties and unregulated transactions (i.e. from unregulated third-parties).
 - Customer/Third-Party; Unusual business relationships, cash businesses, non-UK /non-local residents and Politically Exposed Persons (PEP’s) and Sanctioned Parties.

- Country, geographic and jurisdictional; Countries recognised to have inadequate anti-money laundering controls and processes, countries subject to sanctions, embargoes and related measures and countries identified by recognised authorities as supporting terrorism and/or terrorist organisations.
- 6.7. A review of the above risks signals that much of TEDI-London's financial activity is currently a low risk from the perspective of money laundering. However, all TEDI-London staff need to remain vigilant against the financial crime and fraud risks that the organisation faces on a day to day basis.
- 6.8. Possible signs of money laundering that staff should be aware of include:
- An individual or company makes a large, unexpected payment to TEDI-London but fails to provide evidence confirming their identity and reason for payment.
 - An individual or company attempts to engage in "circular transactions" where a payment is made to TEDI-London followed by an attempt to obtain a refund. For example, a student pays a significant sum, then withdraws and seeks a refund.
 - A person or company undertaking business with TEDI-London fails to provide proper paperwork (examples include charging VAT but failing to quote a VAT number or invoices purporting to come from a limited company, but lacking company registered office and number)
 - 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 TEDI-London in "clean money".
 - Involvement of an unconnected third party in a contractual relationship without any logical explanation.
- 6.9. These examples are not exhaustive and money laundering can take many forms. Any concerns or questions should be directed to the CFO.

7. RISK MITIGATION FOR MONEY LAUNDERING

7.1. Unusual or large payments

TEDI-London will investigate and establish what any unusual or large payments are for. TEDI-London's bankers also advise about high-risk countries where financial transactions are either prohibited or heavily restricted.

7.2. Cash Thresholds

The threshold limit, under MLR for eligible cash transactions is €10,000 and is extended to receiving cash as well as making payments. **In light of this and the**

security risk of carrying large amounts of cash, TEDI-London will not accept cash payments for tuition fees – this includes bank account cash transfers.

7.3. Know your customer or supplier

- AML Regulations require that TEDI-London must be reasonably satisfied as to the identity of the customer (and other third parties) that we are engaging with in a contractual relationship. To discharge the “reasonably satisfied” criteria, TEDI-London must obtain a minimum level of personal information from a customer including date of birth and home address. For third parties’ letters or documents, proof of name, address, and entity structure should be obtained.
- If an organisation is not known to TEDI-London, then Letter-headed documents, website and credit checks will be required as appropriate.
- TEDI-London must be clear on the purpose and the intended nature of the business relationship i.e., knowing what we are doing with a third party and why we are doing it.
- In most cases TEDI-London’s exposure to money laundering is likely to be low. Financial due diligence will be undertaken should we make any bids for research, consultancy, and collaborative provision. However, in certain instances, if TEDI-London is considering establishing a business relationship in a high-risk country or with a politically exposed person, then appropriate advice should be taken from the CFO before any arrangements are entered into.

7.4. Processing Refunds

TEDI-London will undertake appropriate checks before processing any refunds and funds can only be refunded back to the original payer and cannot be refunded to a third party. Where the original payment has been received from abroad the refund will be to the foreign bank account and not to a UK bank account.

7.5. Financial Sanctions Targets

The UK government publishes frequently-updated guidance on financial sanctions targets, which includes a list of all targets. This guidance should be reviewed before any contractual arrangements are entered into. This guidance can be found at:

<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>

8. TRAINING, DISSEMINATION AND IMPLEMENTATION

- 8.1. In line with the Regulations, all relevant members of staff will receive training in this Policy and the wider aspects of Anti-Money Laundering. This will include new staff members, where the training will first be completed as part of their induction.
- 8.2. The Policy will be available on the AskFinance pages in the TEDI-London teams pages. This contains all the relevant finance policies, along with training materials.
- 8.3. This Policy will be available on the TEDI-London website for students, potential students and other third parties to read and be aware of.

9. MONITORING AND REVIEW

- 9.1. The CFO will review this policy on an annual basis to ensure it is reflective of any updates to current legislation with revisions to be approved by Audit & Risk Committee.