



UEA

Anti-Money

Laundering

Policy



University of
East Anglia
Norwich

1 INTRODUCTION AND PURPOSE

1.1 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 serves to conceal the true origin or ownership of the funds, and so ‘cleans’ them. As an international institution, providing a range of services on a global scale and interacting with a high volume of consumers and suppliers (both academic and otherwise), the University of East Anglia (“UEA”) is exposed to the risk of inadvertent complicity with money laundering activity.

1.2 UEA is committed to upholding high ethical conduct in its business activity and takes a zero-tolerance approach to money laundering, together with all other forms of financial misconduct. The University’s policy and aim is to fully comply with all UK legislation in relation to Anti Money Laundering, including each of the key regulatory Acts set out below:

- 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
- Sanctions and Anti-Money Laundering Act 2018

1.3 UEA expects its staff to behave professionally and diligently in all of the University’s business dealings; however, it is accepted that UEA does have a duty of care to its employees to provide them with sufficient training and guidance to ensure that they understand both their individual responsibilities and the appropriate course of action in such instances where money laundering is suspected. This policy intends to address this responsibility through its coverage of the following key areas:

- The scope of this policy, whom it applies to and the repercussions for non-compliance (**Section 2**).
- How Money Laundering takes place and the legal implications of assisting the process, both deliberate and inadvertent (**Section 3**).
- The UK regulatory acts and a risk-based approach to countering money laundering activity (**Section 4**).
- Risk assessment and useful tips for employees to spot the warning signs that money laundering may be taking place (**Section 5**).
- Risk management and the control procedures implemented by the University to minimise the risk of non-compliance to the UK regulatory framework (**Section 6**).
- How to report concerns about suspicious behaviour (**Section 7**).

2 SCOPE

- 2.1 This policy applies to all employees of UEA and its subsidiary undertakings (including directors) and reflects all forms of income and expenditure. It incorporates all academic and commercial activities undertaken both in the UK and overseas.
- 2.2 The University considers any breach of this policy to be an extremely serious matter. Any such breach will be subject to investigation under UEA's internal disciplinary procedures, which could lead to subsequent disciplinary action, including dismissal.
- 2.3 Failure to comply with this Policy could also result in an employee becoming personally liable to criminal prosecution. By consequence, it is imperative that all staff familiarise themselves with their legal responsibilities in this regard, as serious criminal sanctions may be imposed for non-compliance. The fundamental requirement of UEA employees is to quickly report any suspected money laundering activity to UEA's Money Laundering Reporting Officer ("MLRO"), further details for whom are provided at Paragraph 6.1 of this report.

3 THE MALPRACTICE OF MONEY LAUNDERING AND LEGAL CONSEQUENCES

3.1 Most anti-money laundering laws link money laundering with the financing of serious criminal offences, including (but not limited to) terrorism, trafficking, and drug crime. Typically, there are three stages of the money laundering process to release laundered funds into the legal financial system, defined as follows:

Placement, being the point that the proceeds of criminal activity are introduced into the financial system.

Layering, whereby funds are distanced from their illegal origin through layers of financial transactions, thereby making funds more difficult to trace.

Integration, being the re-introduction of illicit proceeds into legitimate commerce, thereby attempting to provide a lawful explanation for the funds.

3.2 In the UK, severe penalties are imposed on individuals connected with any stage of laundering money, including unlimited fines and / or terms of imprisonment ranging from 2 to 14 years. Offences include:

- Concealing, disguising, converting, transferring criminal property, or removing it from the UK (section 327 of the Proceeds of Crime Act 2002 (“POCA”)).
- Entering into or becoming concerned in an arrangement in which the suspect knows, or suspects, or facilitates the acquisition, retention use or control of criminal property by or on behalf of another person (Section 328, POCA).
- Acquiring, using, or possessing criminal property (section 329, POCA).

3.3 There are also associated offences regarding due diligence and disclosures, which can also result in severe penalties under UK law. These offenses may be considered to be of greater relevance to the University and its employees and include the following:

- Failure to disclose knowledge or suspicion of money laundering activity.
- Failure to implement adequate procedures to guard against money laundering.
- ‘Tipping-off’ (informing) suspected money launderers that their activity is being monitored or investigated.
- Recklessly making a false or misleading statement in the context of money laundering.

3.4 In practice, a seemingly legitimate and regular transaction, such as the payment of student fees or their subsequent refund, can serve to mask money laundering activity. Consequently, it is essential that the University and its subsidiaries deploy a range of policies and procedures to ensure that they do not facilitate money laundering by inadvertently legitimising unlawful individuals or transactions.

4 RISK BASED APPROACH TO TACKLING MONEY LAUNDERING (MLR 2017)

- 4.1 The Money Laundering, Terrorist Financing and Transfer of Funds (information on the Payer) Regulations 2017 (“MLR 2017”) came into force on 26 June 2017, replacing the MLR 2007 as the definitive legislative guide for individuals and organisations in this area. MLR 2017 adopts a more prescriptive approach towards anti-money laundering, particularly with regard to risk mitigation and is reflective of a wider UK government effort to promote risk-based regulation. This approach allows for organisations to take responsibility for the assessment of the risks relevant to their own operations, and then implement the processes and procedures that the organisation deems necessary to best protect its financial conduct.
- 4.2 In view of the above, UEA adopts a risk-based approach towards anti-money laundering and in how due diligence is conducted, completing a risk assessment tri-annually to identify all conceivable risks relevant to its operations and implement appropriate control processes considered necessary to mitigate these risks. In determining the appropriate level of due diligence required, UEA has referred closely to risk factors based on the EU Directive, which are set out in the MLR 2017.
- 4.3 Whilst much of the University’s financial activities may perceivably be considered low risk in relation to money laundering, it is imperative that staff remain vigilant against the risk of financial misconduct and are aware of the legislative requirements. Non-compliance with this legislation carries financial and reputational penalties for both the University and its staff.

5 RISK ASSESSMENT AND AREAS OF INCREASED DILIGENCE

5.1 Due to the broad spectrum of money laundering activity and the constantly evolving methods by which financial crimes are committed, it is not possible to provide a definitive list of ways to identify money laundering activity, or how to decide whether to make a report to the MLRO. Notwithstanding this point, UEA have identified the following risk factors which may, either alone or collectively, indicate the possibility of money laundering activity.

- A new customer, business partner, sponsor, or external supplier not known to the University.
- Concerns about the honesty, integrity, identity or location of individuals or businesses.
- Involvement of an unconnected party in a transaction for no obvious reason.
- A secretive person or business, such as one refusing to provide information without reasonable justification. Examples of this may include:
 - Failure to quote a VAT number; or
 - Invoices issued by a limited company that lack the company's registered office and number.
- Requests for account details outside the normal course of business.
- Receipt of a payment for which the University has not issued an invoice.
- The receipt of fees from an unconnected third party (i.e. not a student, family member or sponsor).
- Absence of any clear legitimate source for funds received.
- Unusual or unexpected large payments or overpayments, including requests to pay the difference back to a third party.
- A potential supplier submits a very low quotation or tender (the risk being that the supplier business may be subsidised by the proceeds of crime with the aim of seeking payment from the College in "clean" money).
- Agents who do not comply with normal procedures in relation to deposits and tuition fees.
- Poor business records, controls, or inconsistent dealings.
- Identity fraud. Examples of this may include:
 - Students attempting to pay using multiple cards, often with each card belonging to a different account holder; or
 - Multiple attempts to use a single debit or credit card, which cannot be processed, or which are subsequently rejected by the bank.
- Cancellation, reversal or requests for refunds of earlier transactions, particularly when a request is made for the funds to be repaid to a different account, individual or entity (than the original payment). This is an example of a "circular transaction", where a payment to the University is followed by an attempt to obtain a refund from the University.
- A customer or application from a country known to carry a high level of risk. A list of high risk and non-cooperative jurisdictions can be found on The Financial Action Task Force (FATF)
A consolidated list of targets of financial sanctions can be found at HM Treasury and the US Department of Treasury.

5.2 Whilst not conclusive of all possible occurrences or risk areas, the list set out above provides a useful starting point for staff in considering the key areas of risk and financial activity likely to require increased diligence in relation to potential money laundering activity. It is important to note that staff must use their own professional skepticism to assess whether a report should be submitted to the MLRO, and this may be a result of of suspicions or discomfort relating to factors not referenced in the items listed at Paragraph 5.1.

6 RISK MANAGEMENT AND PREVENTATIVE CONTROL SYSTEMS

6.1 Money Laundering Reporting Officer (“MLRO”)

The role of the MLRO is to consider internal suspicious activity reports (“SARs”), assess whether there is a suspicion or otherwise, and then reporting any such suspicions to the National Crime Agency. The MLRO is also responsible for overall compliance to the AML regime, including ensuring there is a firm wide risk assessment, staff are trained and competent, and compliance reviews are effective and occur within a necessary timeframe. The University has appointed the Chief Resource Officer and University Secretary as its nominated Money Laundering Reporting Officer (“MLRO”).

6.2 Receipts of cash

The receipt of cash is considered an area of high risk due to the difficulty in recording and verifying either the source of funds or the payee. By consequence, the UEA has sought to reduce its exposure to cash transactions by having implemented a cashless campus as far as practically possible. The only areas of the University accepting cash are, the Sportspark, Sainsbury Centre for Visual Arts and Charitable Donations, all of which have interaction with the general public.

6.3 Issuing refunds

UEA has implemented the following key directives in relation to refunds:

- Refunds where the original payment was made using a credit or debit card will be refunded to that card.
- Refunds made by bank transfer will be refunded to the same account. In cases where the originating bank account has been closed it may be possible to make a payment to a new bank account in the same country and in the same name as the original account.
- International payments received through Flywire or an equivalent payment platform, will only be refunded through the same platform.
- Where payment of tuition fees (or any other charges) has been split between more than one payee, any refund due will be made in proportion to the original split.
- Refunds will not be made in cash. In cases where the original fee was paid in cash, the refund will be made to a valid UK bank account in the name of the payer.

6.4 Customer due diligence

6.4.1 As required by the MLR 2017, the University has implemented robust policies and procedures for performing customer due diligence (“CDD”). Transaction monitoring arrangements are on a risk-managed basis with systems and controls in place to mitigate the risks associated with money laundering and financial crime. As required by the MLR 2017, UEA has documented this risk assessment, which is reviewed on an annual basis.

6.4.2 Our customer due diligence follows the principles of Know Your Customer (KYC), one of the fundamental precepts of global anti-money laundering regulations. This due diligence process identifies business relationships and customers and, hence, ascertain relevant information whereby the identity of a new customer (the ‘beneficial owner’) must be established before a business or financial relationship can begin or proceed. We retain the CDD records relied on for five years from the date on which reliance commences as failure to do so is a criminal offence.

6.4.3 With specific reference to student admissions, ID is checked and approved during enrolment, and where relevant, visas are also requested and verified. All new sponsors, partnerships and commercial customers are checked to the UK Government's list of sanctioned entities before they can be accepted to ensure that they have not been sanctioned. They are also credit-checked with an external professional body (such as but not limited to Dun and Bradstreet) prior to any mutual business being conducted.

7 MAKING A REPORT TO THE MLRO (GUIDANCE FOR EMPLOYEES)

7.1 Where you know or suspect that money laundering activity is taking place, or has taken place, or you are concerned that a transaction may be in breach of regulations, you must disclose immediately. The University, through the MLRO, will take all reasonable steps to identify and report suspicious transactions, of all types. Your report should include the following information:

- Full details of the nature, value, and timing of the activity in question.
- All available details of the people and entities involved in the incident, including yourself and other members of staff as relevant.
- Details as to why you may feel suspicious about the transaction, activity or external third party, including the type of criminal activity you believe is being attempted.
- Details of any enquiries you have undertaken to date.
- Any other information that you believe could help the MLRO to assess whether an external report should be made to the NCA.

7.2 You should not make any further enquiries unless you are instructed to do so by the MLRO, nor should you voice your suspicions to anyone who you suspect of money laundering or discuss the matter with colleagues. In doing so, you may be committing a criminal offence, the penalty for which is up to 5 years imprisonment or an unlimited fine.

As referenced at Paragraph 2.3, UEA considers any breach of this policy an extremely serious matter, likely to result in disciplinary action.