

# NCG Anti-Money Laundering Policy



<u>Policy Title</u>	Anti-Money Laundering Policy	
<u>Policy Category</u>	Compliant	
<u>Owner</u>	Director of Assurance and Risk	
<u>Group Executive Lead</u>	Executive Director and Secretary to the Board	
<u>Date Written</u>	November 2021	
<u>Considered By</u>	Executive Board	
<u>Approved By</u>	Audit Committee	
<u>Date Approved</u>	February 2022	
<u>Equality Impact Assessment</u>	The implementation of this policy is not considered to have a negative impact on protected characteristics.	
<u>Freedom of Information</u>	This document will be publicly available through the Groups Publication Scheme.	
<u>Review Date</u>	November 2025	
<u>Policy Summary</u>	This policy sets out NCG position on Anti-Money Laundering.	
<u>Applicability of Policy</u>	<u>Consultation Undertaken</u>	<u>Applicable To</u>
Newcastle	Yes	Yes
Newcastle Sixth Form	No	Yes
Carlisle	No	Yes
Kidderminster	No	Yes
Lewisham	No	Yes
Southwark	No	Yes
West Lancashire	No	Yes
Group Services	No	Yes
<u>Changes to Earlier Versions</u>		
<u>Previous Approval Date</u>	<u>Summarise Changes Made Here</u>	
	N/A – First version	

<u>Linked Documents</u>	
<u>Document Title</u>	<u>Relevance</u>
Whistle Blowing Policy	
Financial Regulations	Policies / Regulations provide further detail on how NCG manages the risk of operating.
Anti-Bribery and Corruption Policy	



## 1. Introduction and Summary

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. As NCG may receive funds from all over the world, for tuition and other services, as well as making payments globally, it may be exposed to the risk of being unwittingly used to launder funds.

NCG's policy and aim is to comply fully with all UK legislation in relation to Anti Money Laundering, and to ensure it minimises the risk of money-laundering taking place in its operations. It does this in a number of ways:

- It has moved (where able) to a 'cashless campus' model.
- It provides, in this policy, a helpful list of 'warning signs' for anyone who suspects money laundering is taking place.
- NCG has a clear reporting structure for anyone who suspects money-laundering is taking place.
- Finally, NCG has a regular review process to update the policy and check we understand existing risks and can recognise new risks.

For the avoidance of doubt, NCG will not do business with anyone whom it is suspects of taking part in any activity, knowingly or unknowingly, which it regards as linked with potential money-laundering. Equally, serious action will be taken against anyone found to be involved in money laundering, up to and including dismissal under NCG's disciplinary processes.

## 2. How does Money Laundering take place, and what are the regulations?

In the UK, the approach to money laundering and terrorist financing is based on objectives that are specified in legislation and / or Financial Conduct Authority (FCA) rules. However, often the objective will be a requirement of an EU Directive, incorporated into UK law without any further elaboration with the result that UK organisations have discretion in how the objective should be met. The situation post the exit of the UK from the EU is not yet clear as at time of writing.

This approach is part of a wider UK government move to risk-based regulation, which allows organisations to assess their risks relevant to their operations, and then put in place the processes and procedures that the organisation itself deems necessary.

Key elements of the UK AML framework that apply to Colleges 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.
- Sanctions and Anti-Money Laundering Act 2018.

## 3. What are NCG's responsibilities?

In the UK, severe penalties are imposed on individuals connected with any stage of laundering money. Offences 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.

NCG therefore has to consider the risks that its business activities will expose it to potential money laundering and devise suitable controls that protect it and its employees against being the victim of money laundering. It must document these risks and monitor them on a regular basis. NCG also must consider how it trains its staff to spot potential signs of money laundering activity, and how to report it according to UK law.

## 4. What are our risk areas?

To understand our risk, we need to define how money laundering works.

There are three stages in money laundering: placement, layering and integration.

- Placement is where the proceeds of criminal activity enter the financial system.
- Layering distances the money from its illegal source through layers of financial transactions.
- Integration involves the re-introduction of the illegal proceeds into legitimate commerce by providing an apparently-genuine explanation for the funds.

There are many types of risk. NCG has identified the following key areas which could be exploited by those trying to carry any or all of the three stages of money laundering, above.

- Receiving tuition fees from overseas.
- Receiving tuition fees from sponsors from overseas.
- Receiving funds from potentially criminal business entities.



- Making refunds to students, and third parties (parents and sponsors).
- Receiving cash transactions.
- Receiving donations.

## 5. How do we manage those risks, and what controls do we have in place?

NCG has a robust 'know your customer' process for students and other customers.

- Student ID is checked during enrolment, including valid visas where required.
- All new sponsors and commercial customers are credit-checked. Any without a presence with the credit check agency or who have an unsatisfactory credit rating are subjected to further enquiries such as internet enquiries to assess eligibility. If they are on the list, they are rejected.
- International agents used to recruit students are subject to due diligence procedures prior to contractual engagement (including references from other institutions).
- No refunds can be made other than to the original payer.
- Refunds are only made using the original mode of payment as far as possible.
- Donations cannot be accepted from any donor who is on the UK's sanctions list.
- Copies of this policy are made available via NCG's publications scheme.

Due to the nature of NCG's operations and the controls in place above the level of risk of money laundering is considered low.

## 6. What should I look out for? Examples of suspicious behaviour

It is not possible to give a definitive list of ways to spot money laundering. The following are types of risk factors which may, either alone or collectively, suggest the possibility of money laundering activity.

- A new customer, business partner or sponsor not known to NCG.
- A customer from a country known to carry a high level of risk (such as a sanctioned country, or country with known high levels of financial fraud or corruption).
- A secretive person or business e.g. that refuses to provide requested information without a reasonable explanation.
- A request to pay a substantial sum in cash.
- Multiple small cash payments to meet a single payment obligation.



- Payments made in an unusual or complex way.
  - Concerns about the honesty, integrity, identity or location of the people involved.
  - Involvement of an unconnected third party without a logical reason or explanation.
  - Overpayments for no apparent reason, and requests to pay the difference back to a third party.
  - Absence of any clear legitimate source for the funds received.
  - Significant changes in the size, nature, frequency of transactions with a customer that are without reasonable explanation.
  - Cancellation, reversal or requests for refunds of earlier transactions.
  - Requests for account details outside the normal course of business.
  - A history of poor business records, controls or inconsistent dealing.
  - Receipt of a payment for which NCG has not issued an invoice.
  - A receipt of fees from an unconnected third party (i.e. not a student, family member or sponsor).
  - Prospective payments from a high-risk jurisdiction or source.
  - Any other facts which tend to suggest that something unusual is happening and give reasonable suspicion about the motives of individuals.
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## 7. Who should I tell if I suspect Money laundering?

NCG is required to appoint a nominated officer or Money Laundering Reporting Officer (MLRO) to be aware of any suspicious activity in the business that might be linked to money laundering or terrorist financing, and if necessary to report it. The nominated officer for NCG is the **Executive Director & Secretary to the Board**.

Where you know or suspect that money laundering activity is taking or has taken place, or you become concerned that your involvement in a transaction may amount to a breach of the regulations, you must disclose this immediately to your line manager. If in consultation with your line manager reasonable suspicion is confirmed a disclosure report must be made to the MLRO. This disclosure should be made on the pro forma report attached at Appendix 1 and should be completed the same day the information came to your attention. If this is not done you may be personally liable to prosecution.

Your report should include as much detail as possible including:

- Full available details of the people, companies involved including yourself and other members of staff if relevant and the nature of the relationship with NCG.

- Full details of transaction and nature of each person's involvement in the transaction.
- Suspected type of money laundering activity with exact reasons as to why you are suspicious.
- The dates of any transactions, where they were undertaken, how they were undertaken, and the likely amount of money or assets involved.
- Details of any enquiries undertaken at the time of reporting.
- Any other information that may help the MLRO judge the case for knowledge or suspicion of money laundering and to facilitate his or her report to the relevant authorities.

Once you have reported your suspicions to the MLRO you must follow any instructions provided.

You must not make any further enquires unless instructed to do so by the MLRO. At no time and under no circumstances should you voice any suspicions to the person(s) you suspect of money laundering.

If appropriate the MLRO will refer the case to the UK authorities who will undertake any necessary investigation. This may include consent to continue with a particular transaction and care should be taken not to 'tip off' the individuals concerned, otherwise you may be committing a criminal offence.

## **8. What needs to be reported externally?**

On receipt of a disclosure report the MLRO will:

- Note the date of receipt and acknowledge receipt of it.
- Assess and advise the individuals concerned when a response can be expected.
- Consider the report and any other relevant information, undertaking further enquires necessary to decide if a report should be made to the National Crime Agency (NCA).

Once the MLRO has evaluated the case a timely determination will be made as to if:

- There is actual or suspected money laundering taking place.
- There are reasonable grounds to know or suspect that is the case.
- Consent is required from NCA for a particular transaction to proceed.

Where the MLRO concludes that the case should be disclosed to NCA this needs to be done:

- In a timely manner.
- In the prescribed manner on a standard report format provided by NCA.



Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for transactions to proceed, and the disclosure report will be marked accordingly.

Where the MLRO considers a potential breach has taken place, NCG is obliged to report serious incidents to the Office for Students in certain circumstances.

Details of the reporting to the NCA can be found at:

<https://www.gov.uk/guidance/money-laundering-regulations-report-suspicious-activities>

### **9. What records do we need to keep?**

As normal with financial records, NCG will keep copies of any reports for a period of seven years.

### **10. How does NCG communicate this policy?**

- The policy will be updated triennially and published via NCG's publication scheme.
- All relevant members of staff with Finance will be familiar with this policy and the wider aspects of money laundering.
- Audit Committee will approve a revised policy triennially. In addition, Executive Board will receive a copy of the policy.

Due to the nature of NCG's operations the level of risk of money laundering is considered low and as a result no structured training will be offered to staff. This decision will be kept under review the risk profile alters.