



Anti-Money Laundering Policy

Introduction

Cranfield University (Cranfield) is committed to the highest standards of openness, transparency and accountability and to conducting its affairs in accordance with the requirements of the relevant funding and regulatory bodies. There is a zero-tolerance approach to money laundering and the policy applies to activity both at home and abroad and to any activity with University partners. As a consequence, it is essential that everyone associated with the University (including members of staff, students, contractors and other third parties) are aware of the risk of money laundering in all its forms.

This policy applies to any fraud, or suspected fraud involving everyone and anyone associated with Cranfield, - including staff, students, and contractors and other third parties.

Background

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.

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.

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).

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:

- 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

In practice, an ostensibly legitimate and regular transaction - such as the payment of student fees and their subsequent refund - can disguise money laundering and it is essential that Cranfield has a range of policies and procedures to ensure that it does not become involved in money laundering by inadvertently legitimising suspect individuals or transactions.

A Background to the UK Legislative Framework

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.

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.

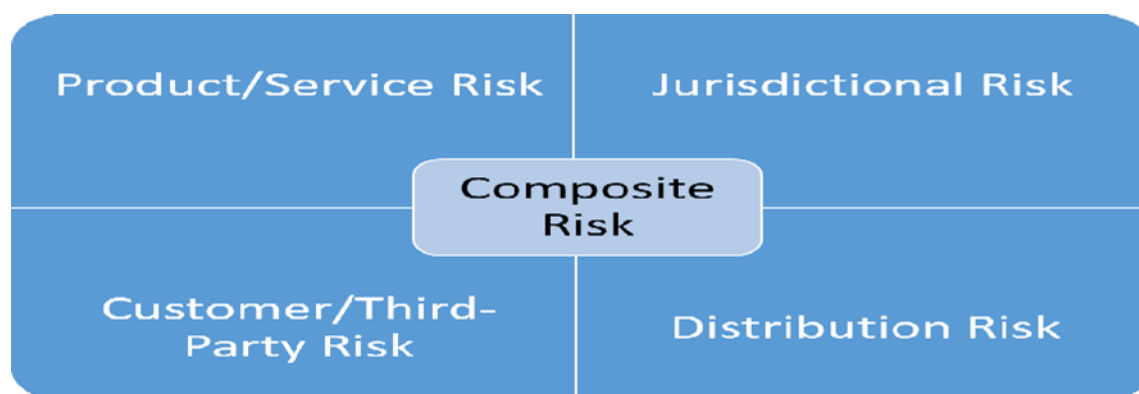
Key elements of the UK AML framework that apply to universities include:

- 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

This policy reflects the requirements of the UK law through the Money Laundering Regulations (MLR) 2017 with amendments (eg Sch. 3AZA inserted (1.4.2023) by The Money Laundering and Terrorist Financing (Amendment) (No. 2) Regulations 2022 (S.I. 2022/860), regs. 1(4), 9(j) has the meaning of Part 3 of Schedule 1 to the Economic Crime (Transparency and Enforcement) Act 2022

UK Legislative framework – Money Laundering Regulations (“MLR”) 2017 (amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 to incorporate international standards and the transpose the EU’s 5th Money Laundering Directive)

MLR 2017 requires Cranfield to undertake a risk assessment and assess its exposure to money laundering. There are 4 main areas that need to be considered to assess its overall risk:



- **Product / Service Risk** – This is the risk associated with delivery of University activity including teaching, research, enterprise and conferencing activity.
- **Jurisdictional Risk** – This is the risk associated with the Universities’ countries of operation, location of students and customers, suppliers and agents.
- **Customer/Third-Party Risk** – This is the risk associated with the people and/or organisations that Cranfield undertakes business 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.
- **Distribution Risks** - This is the risk 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

Whilst much of Cranfield’s financial activity could be considered relatively low risk from the perspective of money laundering, all staff need to be vigilant against the financial crime and fraud risks that the university faces day-to-day;

Possible signs of money laundering include:

- An individual or company makes a large unexpected payment to the University but fails to provide evidence confirming their identity and reason for payment. It is not uncommon for our bank to request details on the payee of Tuition fees
- An individual or company attempts to engage in “circular transactions” where a payment is made to the University 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 the University 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 the University in “clean money”.
- Involvement of an unconnected third party in a contractual relationship without any logical explanation, for example the use of an agent by a student to pay a Tuition deposit but wanting a refund to their own account.

This list is not exhaustive and money laundering can take many. If there are any concerns, then these should be raised with the Money laundering Reporting Officer or his delegated nominee.

Risk Mitigation

Cranfield has a number of policies and procedures in place to minimise the risk of money laundering – in particular the [Financial manual](#) (not published on the internet)

Cash

MLR 2017 has reduced the limit for eligible cash transactions from to €10,000 [£8,800] and is extended to receiving, as well as making, payments in cash. ***In the light of this and the security risk of carrying large amounts of cash, Cranfield will no longer accept cash payments for the full tuition fee, we will continue to accept cash payments up to £1,000 until further notice to a maximum of 8 payments for £1,000 for tuition fees.***

Know your Customer/Supplier

Anti- Money Laundering Regulations requires that the university must be reasonably satisfied as to the identity of the customer (and others) that they are engaging with in a contractual relationship. To discharge the “reasonably satisfied” the University must obtain a minimum level of personal information from a customer including date of birth and home address. For third parties’ letters or documents proving name, address and relationship should be obtained.

If an organisation is not known to the University then Letter Headed documents, website and credit checks should be undertaken as appropriate. Bank accounts should be in the same name as the customer/supplier and in the same country.

The University must be clear on the purpose and the intended nature of the business relationship i.e. knowing what you are doing with them and why.

In most cases the University’s exposure to money laundering is likely to be low. Financial due diligence is already considered as part of bidding for research, consultancy and collaborative provision. However, in certain instances if the University 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 Money Laundering officer (MLRO) pre entering the arrangement.

Processing Refunds

Cranfield undertakes 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. Refunds are back to the account or credit card that made the original payment.

Financial Sanctions Targets

The UK Government publishes frequently updated guidance on financial sanctions targets, which includes a list of all targets. This guidance can be found at

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

Roles and Responsibilities

The Director of Finance has responsibility for the Anti- Money Laundering Policy.

Money Laundering Reporting Officer (MLRO)

Cranfield is required to appoint a nominated officer 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 MLRO is the primary contact for any further information to report any suspicious activity. The MLO is: Ian Sibbald, Director of Finance (email i.sibbald@cranfield.ac.uk)

Deputy MLRO is: Suzanne Rose, Financial Controller (email s.j.rose@cranfield.ac.uk)

Reporting and Investigating

A member of the University who need to report suspicious activity should complete the form at Annex A below and contact Internal Audit or the MLRO.

Internal Audit will submit reports to the Audit Committee.

Associated Policies

[Counter-Fraud Policy](#)

[Whistleblowing policy and procedure](#)

Misconduct and Penalties; [Ordinance 22 – Disciplinary \(Conduct and capability\)](#)

[Anti-Bribery and Corruption Policy](#)

[Criminal Facilitation of tax evasion policy -Criminal Finances Act 2017](#)

Cranfield University

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Originator name/document owner	Director of Finance
Professional Service Unit/Department	Finance
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Annex A: Suspicious Activity Report

CONFIDENTIAL – Suspicious Activity Report <i>Please complete and send this to the MLRO using the details below</i>	
From:	School/Professional Service:
Contact Details:	
DETAILS OF SUSPICIOUS ACTIVITY [Please continue on a separate sheet if necessary]	
Name(s) and address(es) of person(s) involved, including relationship with the University:	
Nature, value and timing of activity involved:	
Nature of suspicions regarding such activity:	
Details of any enquiries you may have undertaken to date:	
Have you discussed your suspicions with anyone? And if so, on what basis?	
Is any aspect of the transaction(s) outstanding and requiring consent to progress?	
Any other relevant information that may be useful?	
Signed:	Date:
<i>Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described.</i>	

MLRO Report (to be completed by MLRO)	
Date Report Received	Date Report acknowledged
Consideration of Disclosure:	
Outcome of consideration of Disclosure:	
Are there reasonable grounds for suspecting money laundering activity? YES / NO	
Does the matter need to be reported to the National Crime Agency? Yes / NO	
If YES record the date reported to NCA	
If consent required from the NCA to proceed with a potentially suspicious transaction? YES / NO If YES please confirm full details below:	
If Suspicious Activity Report is not reportable to National Crime Agency, set out below the reasons for non-disclosure.	
Signed:	Date: