



Money Laundering

Reviewed April 2010
Reviewed April 2012

Summary

Transactions of the value of £9000 and over are regulated by legislation in order to seek to prevent the incidence of money laundering through an organisation.

- If Kingston Mencap receives amounts of money over £9000 or a series of transactions amounting to that sum, there is an obligation for Kingston Mencap to seek as far as is possible to verify the identity of the person in order to legitimise the source of the money.
- If Kingston Mencap feels the regulations will affect it a policy should be written to detail how such matters will be dealt with. This needs to include a designating a person as the Money Laundering Officer for the purpose who shall record all verifications and report anything they consider suspicious.

Introduction

This policy is necessary in order to comply with the Money Laundering Regulations 2003, which requires processes to be out in place to avoid the possibility of money laundering. This policy and guidance is designed to be read within the context of wider finance and accounting procedures, confidentiality and data protection policies and procedures.

Kingston Mencap is committed to ensuring that all necessary safeguards are in place with regards to the receipt of money by the Charity in order to avoid the Charity being used to launder money that may originated from the proceeds of crime

Designated Money Laundering Officer

Any queries should be directed to the Treasurer. The Treasurer may delegate duties as Designated Money Laundering Officer to the Chair of Kingston Mencap

What is Money Laundering?

Money laundering is the process whereby criminals attempt to give the impression that money they have is actually legally theirs and therefore they are legitimately able to spend it. This usually takes the form of converting cash into either an asset or into cash which appears to be “clean”. If something is purchased with this money then it can either be used or sold and those proceeds of sale appear to be legitimate. Purchasing property is a very popular way of converting “dirty money” into what appears clean and also seen in itself to be a safe investment. Certain sorts of businesses are sometimes used to convert money. These include restaurants, nightclubs, fast food outlets, taxi firms and other repair or sales businesses. In this way “dirty money” is mixed with “clean money”.

Procedure to be Followed

- If you receive any money over £9000 you must fill in the attached form and check with the Designated Money Laundering Officer, Kingston Mencap Treasurer that it is ok to accept
- If you receive any money which you think is of suspicious origin you should fill in the attached form and notify the Designated Money Laundering Officer, Kingston Mencap Treasurer
- All staff and volunteers who receive money must be trained in what they must do to comply with the money laundering policy as part of their induction
- All existing staff and volunteers who receive money must be trained as to what they should do to comply with this Money Laundering Policy
- If you receive money which has gone through a pre approved identification process as described in this policy you do not need to fill out the form and notify the Designated Money Laundering Officer, Kingston Mencap Treasurer

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Practical Advice

The following is a list of practical advice and instances where circumstances might lead you to report a matter or put a transaction on hold. Whilst most such fraud is cash based it could be via a cheque account:

- Who are you dealing with?
- Where do they live?
- What is their job?
- Have you met the person with whom you are dealing? If not, why not?
- Be very cautious about persons acting for unknown third parties, get details of those third parties.
- Look out for the unusual: e.g. they want money from you in cash or third party settlements of a debt or where there is a difference in the identity of the person with whom you are dealing and the details of an account or a difference between the account holder and the signatory or someone agreeing to a lesser sum too easily for example in a negotiation situation.
- Look out for what appears (without explanation) to be a loss-making activity, for example an uneconomic tender for work or an unrealistic price being paid for a service.

DO NOT CONFRONT THE PERSON WITH YOUR SUSPICIONS BUT INSTEAD DISCUSS THEM WITH THE TREASURER WHO WILL IN TURN DISCUSS THE MATTER WITH THE TRUSTEES. IF, AFTER DISCUSSION THE TRUSTEES FEEL THERE COULD BE A SUSPICION OF MONEY LAUNDERING THE MATTER WILL BE REPORTED TO THE POLICE.

YOU SHOULD BE AWARE THAT THERE ARE CRIMINAL OFFENCES AROUND MONEY LAUNDERING, PARTICULARLY INCLUDING THAT OF TIPPING OFF THE CRIMINAL. IT IS VERY IMPORTANT THAT IF YOU HAVE SUSPICIONS YOU KEEP THEM TO YOURSELF AND DISCUSS THE MATTER ONLY WITH THE TREASURER AND CHAIR.

Risk Factors

It is difficult to be prescriptive as to where these issues might affect Kingston Mencap. It is however, a matter of good practice and very important that all staff and volunteers seek to avoid involvement in money laundering (even if completely inadvertent) and instead look out for criminal activity which should then be reported.

The biggest risk to Kingston Mencap is in the form of donations or tenders to provide services or goods to the society. In order to minimise the risks the following protocol should be used:

- All income and expenditure is dealt with by the Treasurer.
- All income and expenditure is recorded on the financial spreadsheets and original invoices, receipts etc attached to the printed financial record.
- Receipts are given where appropriate.
- All financial transactions are approved and signed by the Chair or Vice Chair or Secretary or Treasurer.
- The source of any large funds should be verified by the treasurer or chair that they are a trustworthy and well established organisation.
- Any large donations from an unknown or anonymous source should always be discussed with the Trustees.
- Any services or products purchased should be from reputable, well known organisations. If necessary references should be taken up from known sources before entering into a contract.
- Kingston Mencap's finances are audited every year in accordance with the Charity Commission's regulations

The Policy

All relevant staff and volunteers shall be trained on the requirements of the Money Laundering Regulations, and told of the need to report any amount received over £9000 or any series of transactions amounting to £9000 or any other suspicious money received by the Charity to the Designated Money Laundering Officer.

By the nature of the Charity's business it receives money from various sources either from individuals or companies. The amounts of money received are often small and below the £9000 threshold as detailed in the Money Laundering Regulations.

In all cases every effort as is reasonably practicable in the circumstances shall be made to verify the identity of the person giving money to the Charity.

Various forms of personal information are collected from donors/supporters and various methods for the verification of that information are used to try and verify the identity of the giver.

This can include but is not limited to the following:

- ❑ Name and address verified by electoral register

- ❑ Statements as to occupation and designation within company
- ❑ Bank and credit card details/direct debit standing order mandates
- ❑ Company cheques are easily traceable to the company
- ❑ Driving licence/passport have to be produced to large event organisers
- ❑ Protracted correspondence/ telephone contact enabling a checking of contact details and identity
- ❑ Passport production for international events
- ❑ Large events may be invitation only
- ❑ Monies received from Charitable Trusts the Charity is verified via the Charity Commission/ or Charities Aid Foundation
- ❑ Monies are often received from our own solicited requests so we know who we have approached
- ❑ For legacies we receive a copy of the death certificate, will, and a copy of Inland Revenue Account
- ❑ Information may be received from solicitor's verifying the identity of the giver

In the event that any transaction you are dealing with is in excess of £9000, or otherwise is deemed to be suspicious, you must complete and send the notification form in appendix 1 to the Designated Money Laundering Officer. You shall take no further action with regards to the transaction unless or until authorised to do so by the Designated Money Laundering Officer.

The notification form shall detail the steps taken to verify the identity of the person, and if that has not been possible for any reasons then the reason why.

The Designated Money Laundering Officer will provide an initial response within 5 days of receiving a notification.

The Designated Money Laundering Officer shall consider if the verification process has been sufficient, and may require further verification of the donor's identity as may be appropriate in the given circumstances.

In the event that the Designated Money Laundering Officer considers the transaction to be okay to process, they shall authorise you to process the transaction in the usual way.

In the event that the Designated Money Laundering Officer considers the transaction to be suspicious and unsafe to accept the transaction shall not be processed any further and they shall report the same to the Information Commissioner.

Money received in the following situations are deemed to have gone through a pre approved identification process and need not be referred to the Designated Money Laundering Officer for further authorisation, unless you are concerned there is anything suspicious about the transaction.

- ⇒ Money received following the process of probate in the United Kingdom
- ⇒ Money received from a registered Charity
- ⇒ Money received from a statutory body

The Designated Money Laundering Officer may in writing authorise other processes to be deemed a pre approved identification process for the purpose of this policy.

The Designated Money Laundering Officer shall maintain a file of all notifications sent to him detailing the method of verification used to identify the person.

The Designated Money Laundering Officer shall also maintain a record of all monies received by the Charity.

This policy shall be reviewed annually to ensure that the measures put in place is sufficient.

Money Laundering Policy Appendix 1

Notification to Designated Money Laundering Officer of payment in excess of £9000 or otherwise suspicious money

Details of person/company

Amount £_____

Reason Payment considered suspicious

Evidence of identification obtained

Evidence not obtained – reasons why

- | • <u>Person previously identified</u> | <u>Month</u> | <u>Year</u> |
|--|--------------|-----------------|
| • <u>Person Previously identified by</u> | <u>Name</u> | <u>Position</u> |

Other – State reasons

Signed

Date _____

Name _____

Position

I authorise the transaction to be processed

I do not authorise the transaction to be processed

Signed _____

Dated _____

Designated Money Laundering Officer_____

July 2006
Reviewed March 2012

