LYCEE INTERNATIONAL WINSTON CHURCHILL

(the "School")

Policy #34: Anti-money laundering policy

Approved by:	Finance Committee
On:	September 2026
Last Review	September 2026
Review Frequency	As Needed
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Linked Policies	Policy #17 – Gifts, Benefits, Inducements and Anti-Bribery Policy Policy #19 – Policy and Procedure for Safer Recruitment Policy #22 – Whistleblowing Policy (for Staff) Policy #26 – Equality, Diversity and Inclusion Policy (for Staff) Policy #30 – Management and Retention of Records Policy
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MISSION

Through a rigorous, bilingual programme and innovative methods, we educate Students to become responsible, creative, and principled global citizens. We teach them to think critically and act ethically, to form and express their own opinions and respect those of others, to define their own life goals, and to make sense of and embrace change.

Our values are Excellence, Creativity, Integrity, Awareness, and Community.

In support of these aims and values, we are committed to treating all our Students with respect and dignity.

INTRODUCTION

The School could be used as a vehicle through which criminals seek to launder the proceeds of crime (Illicit Funds). Additionally, the School, or a member of staff, is at risk of committing a money laundering offence if they accept Illicit Funds in circumstances where they have knowledge or a reasonable suspicion that the payment is from Illicit Funds.

Members of staff need to be vigilant to the risk of accepting Illicit Funds and play their role in assisting law enforcement agencies in combatting money laundering. The Proceeds of Crime Act 2002 (POCA) (as amended from time to time) imposes

obligations on the School and you personally, in respect of money laundering and associated activities. The purpose of this policy is to:

- assist staff with identifying red flags that may be indicative of money laundering activities;
- reduce the risk of the School being used as a vehicle through which criminals can launder Illicit Funds; and
- let staff know what they should do if they have a concern that the School is at risk of accepting Illicit Funds.

Linked to this, there are charity law requirements to ensure that reasonable skill and care are used when making decisions about procedures for the receipt and use of the School's funds.

1. WHAT IS MONEY LAUNDERING?

Money laundering is the process by which Illicit Funds are processed or spent to create the appearance that the Illicit Funds have come from a legal source. Although cash based money laundering continues to be a major method of laundering Illicit Funds in the UK, stricter rules have made it more difficult for criminals to introduce Illicit Funds into the UK banking system. Consequently, criminals are using more inventive methods to disguise the origins of their cash and staff should be alert to practices and payments that they consider to be suspicious, including payments made to the School via bank transfer.

The term 'money laundering' covers several offences each of which relates to the improper handling of Illicit Funds so that they appear to come from a legitimate source. Money laundering underpins most forms of organised crime, allowing criminals to further their operations. However, it can also benefit individuals engaging in bribery and dishonest activities such as receiving stolen goods or tax evasion.

Money Laundering is described as:
"a scheme in which criminals try to disguise the identity, original ownership, and destination of money that they have obtained through criminal conduct. The laundering is done with the intention of making it seem that the proceeds have come from a legitimate source".

2. RISKS TO THE SCHOOL

The School is potentially vulnerable to being used as a vehicle through which a criminal may seek to launder Illicit Funds, for example a criminal may use their Illicit Funds to pay fees or make a donation. Although fee payments are clearly an area of risk, as a member of staff you should remain alert to all payments and if a payment seems unusual, for example where it involves complex banking and transfer arrangements or payments from seemingly unconnected third parties you should refer the payment to the Chief Operating Officer (COO).

Whilst the School is unlikely to have satisfied the threshold for committing a money laundering offence where the School or member of staff was unaware that a payment was made from Illicit Funds, as a member of staff you must not turn a blind eye. Where there are factors, 'red flags', that indicate a higher risk of potential money laundering activity, you must refer the concern to the COO who

will consider what further steps or investigations are required before accepting the payment.

Even if the School has not committed a money laundering offence, if criminals use Illicit Funds to make payments to the School, being involved in an instance of money laundering may have a severe impact on the School's reputation.

3. CASH PAYMENTS

Criminals are increasingly inventive in finding ways to introduce Illicit Funds into the banking systems and although payments made through a bank transfer cannot guarantee that the funds are not from Illicit Funds the risk to the School is increased where the School accepts payments in cash. Accordingly, it should be the exception that cash payments of more than £100 are accepted.

In exceptional cases the School may allow a larger payment to be made in cash. Before agreeing to accept a large cash payment, the COO will consider the circumstances relating to the payment. The COO must obtain evidence to satisfy the School that the payment is being made from a legitimate source. Such enquiries might include asking the parent for:

- an explanation of why the payment is being made in cash;
- information on how the cash was obtained; and
- proof of this.

The COO must consider the explanation and information provided by the parent and decide whether the School is able to accept the cash payment. In each case, the COO will make and retain a record of the decision made and the supporting evidence. Where the parent is not able to provide a satisfactory explanation, the School must not accept the cash payment.

If the COO is not satisfied that the funds are clean, the COO must consider whether, in the circumstances, the School should:

- make a suspicious activity report (**SAR**) to the National Crime Agency (**NCA**); and
- make a report to the Charity Commission.

4. KEY AREAS OF RISK FOR THE SCHOOL

Money laundering can take many forms, but in relation to the School it could involve, but will not be limited to:

- the payment of fees;
- the payment of fees from third parties;
- the donation of sums to projects for which an appeal is being run;
- the donation of sums for no obvious reason;
- the payment in advance of fees; and
- the requested return of donation or fees paid in advance.

These examples are not exhaustive, and as a member of staff you should remain vigilant in relation to all payments the School receives.

5. DONATIONS

Donations are a particular area of potential risk faced by the School. To mitigate the risk the School should know, at least in broad terms, where the money it is being given comes from and should be able to identify and be assured of the provenance of substantial donations. A good, open and transparent relationship between the School and its donors is essential for building trust and confidence.

Good due diligence will help to:

- assess any risks to the School that may arise from accepting a donation or types of donations;
- ensure that it is appropriate for the School to accept money from the particular donor;
- give the School reasonable assurance that the donation is not from any illegal or inappropriate source; and
- ensure that any conditions that may be attached to the donation are appropriate and can be accepted.

Where a donation is being made, the relevant member of staff should review what they know about the donor and the proposed payment, taking into consideration the potential red flags identified in the Annex to this policy.

Where any potential red flags or suspicious circumstances are identified, the member of staff must report their concerns promptly to the Chief Operating Officer (COO).

6. REQUESTS FOR REPAYMENTS

The School's policy is that any refunds or repayments of sums paid to the School can only be remitted to the bank account that made the payment. If a parent or donor asks for a refund to be made to a different account, in particular one that belongs to someone other than the original payer, you must refer this to the COO promptly.

7. CHARITY COMMISSION

When accepting payments or donations the School needs to be confident that it knows both:

- who is making the payment or donation; and
- the source of funds that are being used to fund the payment.

The School will also use the following Charity Commission advice to assess the risk of money laundering:

- '**identify**' who the School is dealing with;
- '**verify**' where reasonable, and if the risks are high, verify identities;
- '**know what the organisation's or individual's business is**' and be assured this is appropriate for the School to be involved with;
- '**know what their specific business is with the School**' and have confidence that they will deliver what we want them to; and
- '**watch out**' for unusual or suspicious activities, conducts or requests.

If the School is not satisfied with the explanation or evidence provided to support these factors the School should obtain further information from the parent or donor. The section below "***What warning signs should staff be alert to?***"

provides an indication of the circumstances when the School must carry out further investigations about the payer.

8. WHAT WARNING SIGNS SHOULD STAFF BE ALERT TO?

The School will adopt a risk-based approach to assessing payments and donations. Staff must consider the potential red flags set out in the Annex to this policy when assessing higher-risk payments, including:

- donations;
- cash payments exceeding £100;
- payments from high-risk countries; and
- payments involving politically exposed persons (PEPs).

The presence of a red flag does not necessarily indicate money laundering but may require further enquiries. Any concerns must be reported promptly to the Chief Operating Officer (COO).

For geographic risk, the COO will use current Financial Action Task Force (FATF) public lists and HM Treasury guidance, together with other credible country-risk information. The relevant sources must be checked at the time of the transaction and not treated as a static internal list.

All staff, particularly those involved in handling school fees, donations and other financial transactions, must familiarise themselves with the potential red flags set out in the Annex and understand the procedures for reporting concerns.

Where you make a report to the COO **you must not discuss your concerns** with any other person, including other members of staff, pupils, parents or a donor as this could result in you, or the School, committing a secondary offence of prejudicing an investigation.

9. WHAT MUST THE COO DO WHERE A PAYMENT SEEMS SUSPICIOUS?

Where a member of staff identifies a red flag in relation to a payment the COO must consider the relevant circumstances relating to the transaction that has raised the concern. The enquiries the COO will make will depend on the circumstances, but could include:

- asking the payer to explain who is making the payment where this is not clear;
- asking for an explanation of why the payment is being made in a particular way, for example, where payments are being made from a variety of sources or accounts;
- asking the payer for proof of the source of the funds; or
- carrying out a google or other internet search to establish that the payer is not involved in alleged criminal activities.

After having made appropriate enquiries, the COO will decide whether:

- the payment can be accepted;
- further explanation or evidence as the legitimacy of the funds is required;
- the School should submit a SAR; and

- the matter may constitute a serious incident requiring reporting to the Charity Commission.

The COO will keep a record of the decision made in relation to the payment and the evidence supporting the decision.

9.1. REPORTING TO THE NATIONAL CRIME AGENCY AND CHARITY COMMISSION

If the parent (or payer) or donor is not able to provide a satisfactory explanation or where there are other factors (for example adverse media publicity) that cause the COO to have reasonable suspicion or knowledge that the funds being used to make the payment may be Illicit Funds the COO must make a suspicious activity report (**SAR**) to the NCA and, where appropriate request consent to proceed with the transaction.

If the School has requested a defence against a money laundering offence (**DAML**) in the SAR the School should not accept, pay away, return or otherwise use the suspicious payment for any purpose until the time limit for the NCA to respond to the SAR has expired.

The COO will also consider whether the incident needs to be reported also to the Charity Commission.

10. TRAINING

The School will train its staff from time to time on how to limit the money laundering risks faced by the School, by enabling staff to spot potential 'red flags' and what steps they must take if a potential risk factor is identified.

If any member of staff has any concerns or would like further information on what they should do in the event of a concern about money laundering the member of staff should contact the COO in the first instance.

ANNEX – POTENTIAL RED FLAGS FOR MONEY LAUNDERING

The following is a non-exhaustive list of potential warning signs that may indicate an increased risk of money laundering in connection with payments or donations received by the School.

Staff should remain alert to:

1. **Unusual payment arrangements:** Payments made by unrelated third parties, from multiple bank accounts or through unnecessarily complex arrangements without a clear explanation.
2. **Cash payments:** Requests to make unusually large cash payments, particularly payments exceeding the School's normal £100 threshold, or repeated cash payments that appear designed to avoid scrutiny.
3. **High-risk countries:** Payments originating from countries identified as presenting a higher risk of money laundering, particularly where the source of funds is unclear.
4. **Politically exposed persons (PEPs):** Payments involving politically exposed persons, their family members or close associates, where additional scrutiny may be appropriate.
5. **Unusual donations:** Large, unexpected or anonymous donations, donations from unknown sources, or donations that appear inconsistent with the donor's known circumstances.
6. **Unusual advance payments:** Significant advance payments of school fees without an apparent reason, particularly where followed by a request for repayment.
7. **Refund requests:** Requests to refund school fees or donations to a different bank account from the one used to make the original payment, particularly where the account belongs to an unrelated third party.
8. **Unclear source of funds:** Unwillingness or inability to provide reasonable information about the identity of the payer, the origin of funds or the purpose of a payment.
9. **Unusual transaction patterns:** Payments or financial arrangements that appear unnecessarily complicated, inconsistent with normal school transactions or lacking an obvious legitimate purpose.
10. **Other suspicious circumstances:** Any other circumstances that give rise to reasonable concerns about the legitimacy of a payment or donation.

Reporting and escalation

The presence of a red flag does not automatically indicate money laundering. However, where a potential warning sign is identified, staff must report their concerns promptly to the Chief Operating Officer (COO).

The COO will assess the circumstances, determine whether further enquiries are required and decide on the appropriate action in accordance with the School's Anti-Money Laundering Policy.

Staff must not disclose suspicions to the payer, donor or other unauthorised persons where doing so could prejudice an investigation.