Financial Transactions

Anti-Money Laundering Policy



Assisting the rural poor in Andhra Pradesh

www.salgoassist.org

Charity Reg. Number - 1101811

Version Control

Owner	SalGO Assist
Author	Treasurer
Approved By	Trustees
Date of Approval of this Version	9th March 2025
Next Review Date:	October 2026
Issue Number	2.0
Applicable Statutory, Legal or National Best Practice Requirements:	The Proceeds of Crime Act 2002 Money Laundering and Terrorist Financing (Amendment) Regulations 2019 The Terrorism Act 2000 (as amended by The Anti-Terrorism Crime and Security Act 2001 and the Counter-Terrorism Act 2008) Criminal Finances Act 2017
Equality Impact Assessment Completion Date:	11 February 2023
Data Protection Impact Assessment Completion Date:	11 February 2023

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Approved documents are valid for use after their approval date and remain in force beyond any expiry of their review date until a new version is available.

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History of Changes

Issue 2 – Minor editorial matters and reconfiguring Appendix A so it can be published separately.

1. Introduction and Purpose

1.1 SalGO Assist is committed to upholding the highest level of ethical conduct whilst undertaking business activity that fall within the scope of the legislative obligations associated with anti- money laundering (AML). SalGO Assist's values are embodied in everything we do and are underpinned by the integrity of our work, and are a particular focal point of this policy.

1.2 Like all Charities and businesses, we regularly review and update our processes and procedures to protect the Charity and its stakeholders against money laundering attempts and in recent years legislation has broadened the definition of money laundering and its associated activity. This policy has been implemented to meet legislative requirements, assist with mitigating money laundering risk and update procedures to address suspected cases.

1.3 Part 7 of the 2002 Proceeds of Crime Act defines the full scope of money laundering activity and includes:

- Concealment or disguising of criminal property.
- Converting, transferring, or removing criminal property from the UK.
- Acquiring, using or having possession of criminal property.
- Failure to disclose activity that is suspected, or knowingly committing an offence relating to acquisition, retention, use, control or disguising of criminal property.

2. Scope

2.1 The policy applies to all Trustees and is extended to third parties such as Volunteers, subsidiaries undertaking business on behalf of the Charity. The policy covers all activity undertaken in the UK and overseas. The policy outlines responsibilities and procedures to follow in the event of suspected money laundering activity.

3. Definitions and Legal Context

3.1 The legislation that sets out the requirements on Anti-Money Laundering, with which the Charity must comply is:-

- *The Proceeds of Crime Act 2002* – Primary regulations in the UK which define activity and offences.

- *Money Laundering and Terrorist Financing (Amendment) Regulations 2019* – Enhancing on the 2017 regulations, the 2019 regulations apply primarily to financial services companies but provide the key principles around transaction monitoring and customer due diligence that the University apply.
- *The Terrorism Act 2000* (as amended by *The Anti-Terrorism Crime and Security Act 2001* and the *Terrorism Act 2006*)
- *Criminal Finances Act 2017*

3.2 Money Laundering is the process of taking illegitimate proceeds from criminal activity and transforming them through various stages into what appear to be legitimate assets. Money Laundering has three stages:

- ***Placement***: Movement of criminal property/proceeds from their source.
  i.e. cash paid into a bank account
- ***Layering***: Transactions involved in concealing the origin.
  i.e. cash transferred to several other accounts overseas.
- ***Integration***: Movement of laundered proceeds into the economy.
  i.e. a 'front' company issues what appears to be a legitimate invoice and invoice is paid with 'layered' cash.

3.3 Any individual found to be connected with money laundering activity, at any stage, in the UK, could face 2 to 14 years imprisonment and unlimited fines.

3.4 It is important that all Trustees are aware of 'Relevant Circumstances', which are situations where the AML regulations would typically apply, relevant to the Charity's business activity.

3.5 There is no monetary limit on suspicious business activities that might give rise to money laundering concerns, which should be reviewed and risk assessed.

3.6 In terms of the Charity's business activity, all of the following examples would be considered relevant circumstances:-

- Sponsor/third party (not known to the Charity or knowingly connected to any supporter) paying sums on their behalf.

- Large payment of funds for no apparent reason, especially with subsequent requests for refunds of amounts, as well as payments received from unknown supporters who then suggest an administrative error and require funds to be refunded.

3.7 Further examples of suspected Money Laundering can be found under Appendix C of this policy, which is also on the reverse of the reporting form.

4. Responsibilities

4.1 To comply with the AML regulations and to ensure the Charity has appropriate internal controls to mitigate the risk associated with money laundering activity, the Charity must satisfy the following key requirements:

- Obtain, and retain for the duration of the relationship plus five years, evidence of the identity of our supporters and details of any business relationship.
- Appoint a Money Laundering Reporting Officer (MLRO) for whom will assess disclosures before potentially reporting to authorities such as the National Crime Agency (NGA).
- Ensure disclosure processes are in place allowing reporting of suspicious or suspected activity to the MLRO.
- Ensure training is provided to assist all Trustees , particularly those with finance related roles, in understanding AML, including what processes are in place internally to facilitate disclosure and what they can do to help mitigate risk.

Volunteers

4.2 Money Laundering regulations apply to all Trustees and volunteers, not just those in finance facing roles. Should anyone become aware that money laundering activity has or is taking place, or concerned about their own involvement in a situation, they must disclose this at the earliest opportunity to the MLRO. Failure to do so could result in the person committing an offence and becoming personally liable to prosecution.

Volunteers should use the 'AML Disclosure Report' (Appendix A) to notify the MLRO and guidance in doing so is provided under Section 5.10

Money Laundering Reporting Officer (MLRO)

4.3 The Charity's Money Laundering Reporting Officer is within the Charity they will evaluate all disclosures and determine next steps.

4.4 The Charity's MLRO is the Treasurer, who may be contacted by email at:

treasurer@salgoassist.org

4.5 The MLRO's key responsibilities include:

- Oversight of the Charity's compliance with AML regulations
- Review of all disclosures including assessing the need to escalate to NCA.
- Retention of all disclosures, actions taken and annual reporting to Full meeting of Trustees, and a report at the AGM.

5. Anti-Money Laundering Procedures

Know your Customer

5.1 Included in this section is how the Policy will be implemented across the Charities activities. You may, for example, plan a programme of training to ensure all people are aware of their responsibilities or have a communications plan to roll out a new Policy area. Know Your Customer (KYC) is the principle of establishing the true identity of the person/business that the Charity is entering into a transactional relationship with, which could be a supporter or a third-party sponsor for example. Supporters will always be known by a Trustee or asked to provide evidence of their identity using proof of address in the UK and nationality if there is any doubt. Evidence in relation to businesses and third parties should include letter headed documents, companies house checks (or equivalent appropriate checks for overseas entities/individuals), credit checks and validity of key contacts.

5.2 Like all Charity's we prohibit engaging in business activity with any individual or entity listed on the HMRC UK Sanctions List or the HMRC UK Financial Sanction Target List. All members within scope of this policy must consult the MLRO if there is any doubt where the sanctions list becomes of concern to any forthcoming engagement.

Due Diligence

5.3 The Charity will always undertake due diligence where the value of a business-to-business engagement is valued at over £5,000. Trustees should always consider this when entering into any potential new agreements, particularly where significant monetary values are involved.

This would include a credit check, minimum insurances and checking regulatory accreditations. Strict process to pay engagement procedures are in place within the Charity to obtain (KYC) information at the supplier set up stage and archived.

Cash Handling

5.4 The Charity continues to accept cash across its activities. High value transactions are not likely to take place, but the Charity actively discourages Trustees and volunteers from carrying large amounts of cash on their person for security reasons. The Charity provides access to a range of alternative payment methods.

5.5 Regulation 28 (11) of the Money Laundering Regulations (2017) stipulate that source of funds must be checked where necessary and Trustees or other volunteers appointed to cash handling roles will be required to operate in line with documented cash handling procedures provided by the Charity Treasurer. The Charity, at its own discretion, will request source of funds information from anyone, including third parties making a cash payment. In addition, any third party will be asked about their relationship with the supporter and for proof. 5.6 of this Policy 'Disclosure Procedure'

5.6 The Charity is not an active participant of the Bank of England Banknote Checking Scheme, so all cash is checked when deposited at the Bank.

5.7 The Charity operates various Petty cash floats for events, but they are held back from banking after banking of the Proceeds of each event.

Processing of Refunds

5.8 Any approved refund by the Trustees, for whatever reason, will only be returned to the original payer via the same payment route it was received to the same account (if not cash), that it was paid from. This includes all credit debit card payments, both domestic or international, plus all direct bank transfers received into the Charity account.

Sanctioned Countries

5.9 In addition to the information provided under section 4.2 regarding HMRC imposed sanctions, the Charity regularly conducts reviews in conjunction with our banking partners regarding their ability and willingness to accept international payments from countries which may be experiencing, for example, political or civil unrest. These sanctions are designed to protect the bank and any merchant from financial and reputational risk and the Charity is unable to circumvent these sanctions.

This regular review allows the Charity to evaluate the risk of entering into business activity with individuals or entities from those countries. Should you require advice before entering into proposed activity involving a sanctioned country, please consult the MLRO.

Disclosure Procedure

5.10 Any Volunteer or Trustee who has suspicions of potential money laundering activity must complete the Suspected Anti-Money Laundering Reporting Form (Appendix A) at the earliest opportunity. Submit the reporting form to the MLRO listed in section 4.3 of this policy.

The report can be submitted confidentially by email, marked "Confidential". You can enclose any evidence you think may assist the MLRO in their investigations. It may be necessary to request further information from other individuals and their details should be noted in the 'Other information' section of the AML reporting form for the MLRO to take forward. Do not make any further enquiries yourself so as to avoid inadvertently alerting anyone who may be involved, unless specifically asked to do so by the MLRO.

5.11 Where there are suspicions around the MLRO's involvement in potential money laundering activity, the report should be directed to either the chair@salgoassist.org or enquiries@salgoassist.org.

6. Related policies and standards/document

- Anti-Fraud Policy 2021
- Anti-Bribery Policy 2021
- Criminal Finances Policy 2021
- Financial Regulations 2021
- Whistleblowing Code 2016
- Financial sanctions targets by regime 2022

(All of these documents are readily available online through GOV.UK .)

7. Implementation and Training

7.1 The Policy is available on the SalGO Assist website so that our volunteers, Supporters and members of the public are aware of how SalGO Assist cares for their funding of the Charity and that our approach is thorough.

7.2 All volunteers should familiarise themselves with this policy and the procedures, which have been implemented to support the Charity's compliance with AML regulations. The Charity can provide Anti-Money Laundering help to understand what is involved, and all Volunteers that handle the charity's finances are encouraged to ask questions about this. There is also guidance available on the Charity Commission website in four chapters headed **'Protecting your charity from harm: compliance toolkit.'**

8. Enforcement of this Policy and Sanctions

8.1 The approval of the Policy will be communicated through the outcome of Trustee meetings, at the Annual meeting or any Special meeting with a Report published for all supporters.

8.2 Trustees are responsible for raising awareness of all new and updated policies through their normal communication channels.

9. Monitoring and Review

9.1 The impact of this Policy shall be reviewed by the Money Laundering Reporting Officer (MLRO).

9.2 A Data Protection Impact Assessment has been carried out covering the personal data aspects of this policy.

10. Appendices

Appendix A - AML Reporting Form

Appendix B - MLRO Report

Appendix C – Examples of Suspected Money Laundering

Appendix A: AML Reporting Form

This is now published separately and can be obtained from either the Chair or any Trustee who will have a copy. On the reverse of the form is a copy of Appendix C (Examples of Suspected Money Laundering)

When you ask for a form, that fact will be recorded and if you have not responded with a completed form, that Trustee will contact you to ensure there is no problem with its submission.

Appendix B: MLRO Report

Money Laundering Report by MLRO (Retain for 5 years)			
Date Received		***Trustee/Volunteer***	
Consideration of disclosure			
Key points identified			
Reasonable grounds of suspected money laundering?			
Will suspicious Activity Report (SAR) be submitted to NCA? ***If yes, date submitted.*** ***If no, reason(s) for non-disclosure.***			
Do we require NCA consent to proceed with a potentially illegal transaction(s). ***If yes, date consent received and date consent given to person(s) involved.***			
Signed		***Dated***	

Appendix C: Examples of Suspected Money Laundering

This list should not be considered exhaustive as money laundering can present itself under many different guises. The following are examples which could suggest money laundering activity or raise reasonability suspicion about the integrity of the activity.

- A customer, sponsor or third party not known to the Charity attempt to engage in a transaction.
- Unreasonable secrecy when requesting information.
- Unexplained involvement, or insistence of the involvement, of an apparent unconnected third party without reasonable explanation.
- Overpayments without reason.
- Absence of reasonable explanation for 'source of funds'.
- Noticeable change in usual business activity, i.e. size/frequency of payments.
- The insistence for refunds to be credited to alternative bank accounts.
- Knowledge of alleged improper business conduct by a third party.
- Payment of an invoice to a bank account not connected to the business name. - Refusal to put business terms in writing.
- The offer of a gift in exchange for facilitation.