

<b>Paper title:</b>	LSBU Group Anti-Money Laundering (AML) Policy
<b>Date of Meeting:</b>	2 <sup>nd</sup> October 2025
<b>Action (Please tick one box only)</b>	<input checked="" type="checkbox"/> For approval <input type="checkbox"/> For discussion <input type="checkbox"/> For information <i>approve = the paper presents one or more options for approval;</i>
<b>Purpose</b>	LSBU Group Anti – Money Laundering Policy is put in place guidance for the staff as to the rules and responsibilities around anti money laundering legislation and is reviewed annually by committee. The policies proposed here are <u>shown with tracked changes</u> from the prior versions seen by committee.
<b>Recommendations</b>	For committee to review the proposed policy and approval it
<b>Annexes</b>	N/A
<b>Equality and diversity impact assessment confirmation</b>	<p>If this proposal is likely to affect people’s access, participation, experience or outcomes in education, employment, or services, please confirm that an Equality Impact Assessment has been undertaken</p> <input type="checkbox"/> yes <input checked="" type="checkbox"/> n/a
<b>Strategic Pillar</b>	<p>Access to Opportunity <input type="checkbox"/>      Student Success <input type="checkbox"/>  Real World Impact <input type="checkbox"/>      Fit for the Future <input checked="" type="checkbox"/></p> <p><i>Please select which strategic pillar this paper aligns to, details can be accessed <a href="#">here</a>.</i></p>
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<b>Senior Responsible Owner</b>	Simon Cruickshank - Group Chief Financial Officer
<b>Financial</b>	<p>Could this proposal have an impact on existing budgets and financial plans? <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>If yes, please give the name of the person in Financial Performance department who prepared the required financial modelling:</p>

## **LSBU Anti – Money Laundering Policy**

### **1. Introduction**

#### **1.1 Policy Aims**

LSBU Group is committed to the highest standards of ethical conduct and integrity in their business activities in the UK and overseas. The Group will not tolerate activities that could be construed as money laundering, corruption, fraud or dishonesty. Members of the Group are required to conduct business honestly, fairly and professionally to support the Group's commitment to the prevention of these activities.

#### **1.2 Relevant Legal Acts**

- Proceeds of Crime Act 2002 (POCA)
- Terrorism Act 2000
- The Criminal Finances Act 2017
- The Money Laundering, Terrorist Financing regulation 2019
- The Economic Crime and Corporate Transparency Act 2023

#### **1.3 What is money laundering?**

Money laundering is the process of taking money generated from crime and corruption and transforming it into apparently legitimate assets. Money laundering 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. It also covers money which is used to fund terrorism.

#### **1.4 There are three stages in money laundering:**

- 1. Placement** – where the proceeds of criminal laundering enter into the financial system.
- 2. Layering** – distancing the money from its illegal source through layers of financial transactions.
- 3. Integration** – reintroduction of illegal proceeds into legitimate commerce by providing an apparently genuine explanation for the 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 6 months 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; and
- recklessly making a false or misleading statement in the context of money laundering. ☒

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

**1.5 What is Terrorist Financing** - The provision or collection of funds intended to support terrorist activity.

### **1.6 The Money Laundering, Terrorist Financing Regulations 2019**

This sets out the requirement for relevant businesses to establish and maintain appropriate and risk-sensitive policies and procedures relating to:

- customer due diligence
- reporting
- record keeping
- internal control
- risk assessment and management
- preventing new methods of terrorist financing, including prepaid cards.
- the monitoring and management of compliance, and
- the internal communication of such policies and procedures, in order to prevent activities related to money laundering and terrorist financing.

The Group has a responsibility to: 

- Appoint a Money Laundering Reporting Officer (MLRO) to receive, consider and report as appropriate, disclosure of suspicious activity reported by employees
- Implement a procedure to enable the reporting of suspicious activity, such as complex or unusually large transactions, or unusual patterns of transactions which have no apparent economic or visible lawful purpose
- Maintain customer identification procedures to ‘know your customer,’ in relevant circumstances
- Maintain adequate records of transactions.

### **1.7 The Economic Crime and Corporate Transparency Act 2023.**

With effect from 1 September 2025, a ‘failure to prevent fraud’ offence was introduced under the Economic Crime and Corporate Transparency Act 2023. The intention is to improve fraud prevention procedures by holding organisations accountable when a fraud is committed by an associated person (such as an employee) for the benefit of the organisation.

LSBU may be found liable for this offence if:

- (a) a specified fraud offence is committed by an employee, agent or other ‘associated person’, for the organisation’s benefit; and
- (b) the organisation did not have ‘reasonable’ fraud prevention procedures in place.

### **2.0 Measures the Group has taken to prevent Money Laundering offences**

- Is transitioning to a “cashless campus” model where cash will not be accepted for any Group goods/ services/ fees etc.

- The Group provides training to all staff handling payments into or from the University or its subsidiary's bank accounts or dealing with potential new relationships for the Group on recognising potential money laundering.
- The Group carries out enhanced identity checks and verification if particular risk factors are present, such as that the payment relates to a high-risk jurisdiction, politically exposed persons or if there is any suggestion of secrecy in relation to any transaction.

### **2.1 Warning Signs in relation to Money Laundering**

The following list is not exhaustive but gives some indication of particular warning signs which may give rise to a suspicion of money laundering or other financial crime: -

- Involvement of a high risk jurisdiction;
- Doubts about the honesty, integrity, identity or location of the people involved;
- Involvement of a third party without logical reason or explanation;
- Overpayments and/or requests for refunds without a good reason;
- Significant changes in transactions with a student (or person paying fees on behalf of a student) or with a donor that is without reasonable explanation, for example if payment start to be made from a different jurisdiction; and
- Cancellation, reversal or requests for refunds of earlier transactions.

### **3. Reporting suspicious transactions**

Any reports of suspicion of money laundering should be sent to the Group's MLRO who will consider whether a report needs to be made to the National Crime Agency. Any reports should be made using the Money Laundering Reporting Form at the end of this procedure to report this concern, giving as much information as possible, in writing on a disclosure report form without delay – located within Appendix 1.

Risk assessments relating to individuals and authorised disclosures are to be kept strictly confidential and should not be discussed within the Group except on a strict need to-know basis. This is to avoid the risk of committing a 'tipping off' offence. No member of staff may reveal to any person outside the investigation, including specifically the student or third-party funder in question, that an authorised disclosure or a disclosure under the Terrorism Act 2000 has been made.

The Group's MLRO, in consultation with the Group Solicitor if appropriate, will consider internal reports and make an external report as soon as practicable if he or she considers that there is knowledge, suspicion or reasonable grounds for knowledge or suspicion that another person is engaged in money laundering or that terrorist property exists. This applies even if no transaction is to take place.

It is a criminal offence for anyone, following disclosure to the MLRO or to the NCA, to do or say anything that might either "tip-off" another person that a disclosure has been made or prejudice an investigation.

A brief report in relation to money laundering suspicions will be presented to the relevant Audit Committee at each meeting as part of the Group's Anti-Fraud reporting procedures and to the OfS or DfE as required as regulators.

### **4. Record Keeping**

The Group will keep a record of suspicions in relation to money laundering or terrorist property reported to the MRLO for 6 years from the date of report. All enquiries that are made within the Group in relation to the report will also be recorded for the same time.

## **5. Refunds**

Refunds are considered to be a particular area of money laundering risk for universities. Where refunds are requested (in relation to tuition fees or other payments), staff should be aware of the following particular risk areas:

- An unexplained overpayment is followed by a request for a return of funds.
- A third party requests the refund to be made to an account that is not the same one that was used to make the original payment to the Group; and
- Fees have been paid in advance by or on behalf of an overseas student who is then refused a visa, particularly if the student is resident in a jurisdiction that is perceived to have a lower standard of anti-money laundering regulation or measures to prevent corruption. In these circumstances, it is prudent to require documentary evidence of the circumstances before agreeing to a refund.

Refunds should only be made to the account from which the original payment was made, and this means that the Group will need to keep adequate records of the source of funds it receives. It should never be assumed that the student themselves is entitled to a refund where the original payment came from a third party. In practice, this may create challenges and so further advice and alternative approvals can be sought from the Associate Director of Financial Services or the Group CFO if needed

## **6. Cash payments**

The Group's Financial Regulations prohibit the acceptance of cash payments at the University. The SBC College is working to reduce and remove cash from its operations.

## **7. AML training**

The Group will ensure that relevant members of finance teams receive appropriate anti-money laundering training as part of their induction. Each member of the team will be required to sign a record to verify that they have read and understood this AML policy. Refresher training will take place at each revision of the policy, at which point all staff will be asked to update their signed record.

Additionally, staff in certain functions outside of finance will also need to undergo training if their specific role is identified as being at a higher risk of exposure to money laundering attempts.

## **8. Breach of Policy**

Failure to comply may result in disciplinary action, up to and including dismissal, and could expose individuals to personal criminal liability.

Appendix 1.

<p>The MRLO is currently the Company Secretary for the LSBU Group          Further advice can be sought from the Group Associate Director of Financial Services  <b>CONFIDENTIAL - Suspected Money Laundering Reporting Form</b>          Please complete and send this (in a physical format) to the MRLO using the details below</p>	
From:	Entity / School/ Service:
Contact Details:	
<b>DETAILS OF SUSPECTED OFFENCE</b> [Please continue a separate sheet if necessary]	
Name(s) and address(es) of person(s) involved, including relationship with the Group:	
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:
<p><i>Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment and/or an unlimited fine.</i></p>	