



SHERBORNE

SHERBORNE GROUP

ANTI MONEY LAUNDERING POLICY

1. Introduction

1.1 This policy applies to Sherborne School, Sherborne Preparatory School and Sherborne International ('the Schools'), The Sherborne School Foundation, Sherborne School (Trading) Limited, Sherborne School (Leisure) Limited and Sherborne School (Overseas Trading) Limited ('the Sherborne Group'). The Group is not in the regulated sector for the purposes of money laundering. However, the Group's policy is to comply fully with the applicable provisions of the Proceeds of Crime Act 2002 (POCA), as amended, The Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

2. Purpose

2.1 The purpose of this policy is to ensure the Group complies with anti-money laundering and unexplained wealth laws and regulations, where necessary to provide assistance to law enforcement in combating illegal money laundering, and to minimise the risk of accepting money from individuals of unexplained wealth including those financing crime and terrorism.

2.2 Money laundering is the process by which the proceeds of criminal or illegally obtained money are processed or spent to create the appearance that they have come from a legal source (i.e. – cleaning money that has been obtained illegally). There is often a complex trail involved that is difficult to trace and identify.

2.3 Money laundering can occur in many ways. It covers both the activities of organised crime but also to those who benefit financially from dishonest activities such as receiving stolen goods.

2.4 Although cash-based money laundering continues to be a major method of laundering funds in the UK, stricter rules have made it more difficult for criminals to introduce criminal cash into the UK banking system. Consequently, criminals are using more inventive methods to disguise the origins of their cash and the Group should be alert to practices and payments that they consider to be suspicious. **This is the case even where payment is made via bank transfer.**

2.5 At the end of this policy there is a non-exhaustive checklist of potential 'red flags' which may indicate there is a risk that the person making a payment to the Group is using illicit funds. No one factor is conclusive, so if one or more of the factors are present the Group Accountant should consider whether further enquiries are needed so we can be satisfied that a payment is being made from legitimate sources before accepting payment. What enquiries the Group Accountant should 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, where for example payments are being made from a variety of sources or accounts;
- asking the payer for proof of the source of funds; or
- carrying out a Google or other internet search to establish that the payer is not involved in alleged criminal activities.

2.6 The above list is not exhaustive. The Group is not expected to carry out investigations into every payment made to it but should do so on a risk-based basis and in cases where something does not seem quite right.

3. Charity Commission

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

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

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

- **'identify'** who the Group 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 Group to be involved with;
- **'know what their specific business is with the Group'** and have confidence that they will deliver what we want them to; and
- **'watch out'** for unusual or suspicious activities, conducts or requests.

3.3 If the Group is not satisfied with the explanation or evidence provided to support these factors the Group should obtain further information from the parent of donor.

4. Procedures and responsibilities

4.1 The Group will conduct appropriate checks on donors and fee payers, and, where appropriate, trading partners. If, having carried out appropriate checks, the Group is satisfied that the payment will be made from legitimate sources, payment can be accepted.

4.2 Any member of staff or governor who suspects that money laundering activities, which may involve the Group, have taken place should immediately disclose all relevant information to The Group Accountant, who will investigate further, and consider, in conjunction with the Bursar, whether there is or seems to be any evidence of money laundering or criminal and/or terrorist financing.

4.3 The Group Accountant will report any suspicious activities or transactions to the National Crime Agency (NCA) by completing and submitting a Suspicious Activity Report (SAR) before accepting payment, and, where appropriate request consent to proceed with the transaction.

4.4 If a defence against a money laundering offence (DAML) has been requested in the SAR, the Group should not accept, pay away, return or otherwise use the suspicious payment until the time limit for the NCA to respond to the SAR has expired (or permission to use the funds has been granted).

4.5 The Group Accountant will ensure proper records are kept on all relevant activities and the steps taken to deal with them.

4.6 Please be aware that under the Proceeds of Crime Act 2002 (POCA), as amended, there are two 'third party' offences:

- **failing to disclose information relating to any money laundering offences; and**
- **tipping off (informing) someone who is, or who is suspected of being involved in money laundering activities in such a way as to reduce the likelihood of them being investigated or prejudicing an investigation.**

4.7 These 'third party' money laundering offences may be committed by an organisation or by individuals working for an organisation.

4.8 Money Laundering can take many forms, but in relation to the Group it could involve, but will not be limited to:

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

5. Cash payments

5.1 The Group is potentially vulnerable to the threat of money laundering, and the consequences of being involved in an instance of money laundering may have a severe impact on its reputation. 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 sources, the risk to the Group is increased where payments are accepted in cash. It should be the exception that cash payments of more than £250 are accepted in any part of the Group. We do not accept cash payments in respect of fees for either Sherborne School, Sherborne Preparatory School or Sherborne International, and state this on our fee bills and in relevant terms and conditions. This means we will not accept cash directly or paid into our bank account at any UK bank by a third party, which minimises our risk. Donations over £250 will not be accepted in cash.

6. Donations

6.1 Donations are a particular area of potential risk for the Group. To mitigate the risk the Group should know, in broad terms at least, where the money being donated 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 Group and its donors is essential for building trust and confidence.

6.2 Good due diligence will help to:

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

7 Requests for repayments

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

8. Suspicious activities

8.1 Please review the potential 'red flag' questions in the checklist at the end of this policy, and report to the Group Accountant as directed.

8.2 Reasonable grounds for suspicion which would also trigger a report to the Group Accountant include:

- Unusually secretive behaviour, including reluctance to provide requested information without explanation;
- Are information or documents being withheld by the parent or their representative, or do they appear falsified?
- Request to make payment of substantial sums in cash (over £250);
- Doubts over the honesty, integrity, identity or location of the person or organisation involved;
- Involvement of a third party without logical reason or explanation;
- Is the parent (or guardian) unusually anxious to complete a transaction or are they unable to justify why they need completion to be undertaken quickly?
- Overpayments for no good reason or benefit;
- Doubt as to the ability of a person to have a legitimate source of the funds received;
- Significant changes in the size, nature, and frequency of the transactions with a fee payer or donor that is without reasonable explanation, for example if payments start to be made from a different jurisdiction;
- Cancellation, reversal, or request for refunds of earlier transactions, especially if to a new or changed account;
- History of poor business records controls or inconsistent dealing;
- Request to pay fees or otherwise by lump sum;
- Have you, or other professionals involved been instructed at a distance, asked to act

- outside of your usual area, or offered an unusually high fee?
- Request for account details outside the normal course of business.
- 8.3 If a member of staff, governor or other person knows, suspects or has reasonable grounds for thinking or suspecting that a person is engaged in money laundering or criminal or terrorist financing, or whose wealth appears to be unexplained, they must report such matters to the Group Accountant immediately, providing as much information as possible, including:
- details of the people involved;
 - the type of transaction;
 - the relevant dates;
 - grounds for suspicion (see list above);
 - when and how the activity is undertaken;
 - if the transaction is concluded or if any aspect of it is outstanding, and;
 - amount(s) of money involved.
- 8.4 On receipt of a report the Group Accountant, in conjunction with the Bursar, will:
- Consider the report and any other available information;
 - Determine if there are reasonable grounds for suspecting money laundering and the steps to be taken, or if there is actual money laundering or criminal or terrorist financing;
 - Consider whether the matter requires reporting to the National Crime Agency;
 - Advise the person making the report as to any steps they need to take, including advice on how to act in order to prevent an investigation being prejudiced or inadvertently 'tip off' that a disclosure has been made;
- 8.5 The Schools reserve the right to refuse admission to any pupil / student or to remove a pupil / student if the National Crime Agency verifies suspicious activity or if the Schools, exercising reasonable judgement, are satisfied that standards in respect of this policy have not been met.
- 9. Due Diligence procedures prior to entering into a transaction or financial relationship:**
- 9.1 The Schools will incorporate requests for information as to bill payer(s), third parties and sources of funds being used for payments as part of standard admissions procedures.
- 9.2 The Group will automatically submit details of prospective new parents, third party bill payers, agents, and donors to Refinitiv World Check, which is a web-based financial database. This will act as an initial risk assessment, and provide sanctions lists on all those checked, which would contain red flags (if any) and other points the Group may wish to follow up. Source of wealth reports may be requested as well, if considered appropriate.
- 9.3 The Group will undertake additional checks as appropriate, such as checks against UK Government sanctions lists for individuals and businesses where relevant to their circumstances.

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- 9.4 Existing agents and donors will be checked in the same way, and existing parents and third-party bill payers may be as well. It should be noted that once an initial check has been conducted, the Schools will continue the checking process throughout the period a pupil/student spends with us.
- 9.5 The Group will maintain proper records of all checks undertaken, and the outcome of those checks, which may include a report made to the Group Accountant.
- 9.6 The Schools use Flywire as a payment platform for overseas parents and encourage all fee bills and other payments in respect of overseas pupils to be paid using that medium. Flywire automatically carry out money laundering checks on bill payers using the platform.
- 9.7 All records of financial transactions will be kept in accordance with the Group's Records Retention policy. Any reports received by the Group Accountant, or checks completed will be retained for a minimum of 7 years. The records retained will include the original report made to the Group Accountant, and actions from any internal report where the matter was not reported to the National Crime Agency.

Bursar
January 2023

Checklist for identifying potentially suspicious transactions

You must consider the following questions in relation to each high-risk payment. If any of the answers to the questions are 'yes', you must refer the payment to the Group Accountant for further consideration. This list is not exhaustive. Even if all the answers to the questions are 'no' if something seems unusual you must raise your concern with the Group Accountant.

	Potential red flags	Ask	Yes/No
1.	Transactions	<p>Are payments to the School / Group unusual because of their size, frequency, or the manner of their execution?</p> <p>For example:</p> <p>Is the parent unexpectedly or unusually making lots of small payments from several different accounts?</p> <p>Are the payments unexpectedly being paid from a different account?</p>	
2.	Bank account	Is the payment being made from an account that is not in the same name as the payer?	
3.	Arrangements	<p>Does the payment involve complex or illogical arrangements that make it unclear who is making the payment?</p> <p>For example:</p> <p>Is the payment coming from a variety of sources or payers?</p> <p>Is the payer seemingly unconnected to the pupil, parent, or donor?</p>	
4.	Third party payments	<p>If the payment is from an account that is not the parent's account is the connection between the third-party making the payment and the pupil unclear?</p> <p>For example, is the payment from someone who is not the parent's employer or a known relative of the pupil?</p>	
5.	Internet search	Are there any adverse media articles about the payer suggesting an involvement in criminal activities?	

6.	Erroneous payments	<p>Has the Group been asked to reverse a payment made because the payment was made in error?</p> <p>Has the Group been asked to send a repayment to a person that is different to the original payer?</p>	
7.	Country of residency	<p>Is the parent / payer resident in or have they recently relocated from, a high-risk country?</p> <p>You should ask the Group Accountant for the current list of high-risk countries.</p>	
8.	PEP (Politically Exposed Person – broadly an individual who is performing a prominent public function)	<p>Are either of the parents or the person paying the fees (where different), or making a donation a PEP?</p> <p>If the parent/payer is a PEP, is their business activity unusual given the public role they hold?</p>	
9.	Assets	<p>Does it seem that a parent’s/donor’s assets are inconsistent with their known legitimate income?</p>	
10.	Resources	<p>Are the funds being used bearer's cheques or cash?</p>	
11.	Identity	<p>Is the payer difficult to identify?</p>	
12.	Early or quick payments	<p>Is the parent/payer unusually anxious to make a payment?</p> <p>Is the parent/payer unable to justify why they need to make the payment quickly or early?</p>	
13.	False documents	<p>Do any documents appear to be falsified?</p>	
14.	Representative	<p>Have you, or other professionals involved been instructed at a distance, asked to act outside of your usual specialism, or offered an unusually high fee?</p>	