



Royal
Russell



Anti-Money Laundering Policy

Introduction

The Russell School Trust (the Trust) recognises its responsibility to prevent the risk of being used as a vehicle for money laundering. Money laundering refers to the process by which illicit funds are disguised to appear as if they are from legitimate sources. This policy aims to minimise the risk of the Trust being involved in money laundering activities and to comply with the obligations under the Proceeds of the Crime Act 2002.

The purpose of this policy is to:

- Identify and mitigate the risk of the Trust being used to launder money.
- Equip staff with the knowledge to spot suspicious activities.
- Ensure any suspicious activities are reported in accordance with legal requirements.

Key Definitions

Money laundering is defined as any activity that attempts to disguise the origin, ownership, or destination of illicit funds to make them appear legitimate.

Vulnerable Areas

The Trust acknowledges that it may be vulnerable to money laundering through:

- Payment of school fees.
- Donations from individuals or organisations.
- Payments by third parties or via complex banking arrangements.
- Requests for refunds of fees or donations.
- Income from overseas, including Russell School International (RSI).

Red Flags

Potential indicators of money laundering include:

- Unusually large or frequent payments.
- Requests to pay by cash (more than the 'no cash' policy mentioned below).
- Payments made by third parties unrelated to the payer.
- Requests for refunds to accounts different from the original payer.
- Payment structures that are unnecessarily complex or illogical.
- High-risk countries involved in transactions or payments made by Politically Exposed Persons (PEPs).

Screening and Due Diligence

The Trust will implement appropriate screening of payers and donors, which may include:

- Using external services to verify identities and check against sanctions lists.
- Assessing the legitimacy of funds based on known information about the payer.
- Undertake to 'screen' all parents/fee payers using an AML/PEP/DP checking service via an accredited third-party provider registered with the FCA.

Should the screening process highlight any individual of note, then a report will be provided to Governors for a view to be made on how to deal with the issue on a case-by-case basis. In all cases, any parent identified as a Designated Person will not be permitted to enrol their child/ren with the School.

Cash Payments

The Trust operates a **no-cash policy** for payments exceeding £1,000. In exceptional cases where cash payments must be accepted, the Head of Finance will require documentation detailing the source of the funds and justification for the cash transaction. If the explanation is unsatisfactory, the payment will be refused, and a **Suspicious Activity Report (SAR)** will be filed.

Procedures for Suspicious Transactions

Where a member of staff identifies a "red flag" in relation to a payment, the Head of Finance must consider the relevant circumstances relating to the transaction that has raised the concern. The Head of Finance will undertake additional checks on suspicious transactions, depending on the circumstances. These checks 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.
- Carrying out an online or other internet search to establish that the payer is not involved in alleged criminal activities.

After having made appropriate enquiries, the Head of Finance will decide whether:

- Payment can be accepted.
- Further explanation or evidence of the legitimacy of the funds is required.
- Whether the School should submit a SAR.
- Whether the School should make a report to the Charity Commission.

A record of the decision made in relation to the payment and the evidence supporting the decision will be kept and shared with the Governors nominated to oversee this policy. At this stage, should there be a need to inform the wider Board of an issue, then this decision will be made by the Governors nominated to oversee this policy, after being notified by the Director of Operations and Finance.

Any staff member who identifies a red flag or suspects money laundering should escalate their concerns to the Head of Finance immediately. The Head of Finance will then assess the risk and decide whether to:

- Approve or refuse the transaction.
- Refer the matter to the Director of Operations and Finance, who will then decide whether to:

- File a SAR with the **National Crime Agency (NCA)**.
- Report the incident to the Charity Commission if necessary.
- Report this matter to the wider Board of Governors, but without specific detail of the case, to avoid the ‘tipping off’ rule.

Charity Commission

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

- Who is making the payment or donation?
- The source of funds that are being used to fund the payment.
- If dealing with a third-party (such as the summer school letting), then the School will need to be assured that appropriate AML procedures are in-place within that third-party organisation.

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 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, payer, or donor

Donations

All donations should be reviewed for risk based on:

- The source and provenance of the funds.
- The legitimacy of the donor.
- Any conditions attached to the donation.

If there are concerns, further due diligence will be conducted, and, if necessary, the donation will be refused.

Refunds

Refunds will only be processed to the original payer's account. Any requests to return funds to a different account must be escalated to the Head of Finance for review.

Training

Finance Staff will receive training on money laundering risks and the procedures they must follow if they suspect illicit activity. The Head of Finance will be responsible for this training.

Reporting Obligations

The Trust has a duty to report any suspicious transactions to the NCA. If required, the Director of Operations and Finance will seek consent to proceed with a transaction from the NCA and make additional reports to the Charity Commission where applicable.

Conclusion

The Russell School Trust is committed to adhering to all anti-money laundering laws and ensuring that its financial dealings are transparent and legitimate.

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Reviewed and approved	F&E Committee	November 2024
Reviewed and approved	Board	December 2024
Next review		October 2026