



The Suffa Educational Foundation

Anti-Money Laundering Policy

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1 Introduction

1.1 Policy Statement

The Suffa Educational Foundation takes its responsibility for ensuring the establishment and maintenance of systems of internal control for the prevention and detection of fraud, irregularities and corruption as non-negotiable and will not tolerate fraud, corruption or abuse of position for personal or institutional gain. It is therefore the policy of The Suffa Educational Foundation to comply fully with applicable provisions of the Proceeds of Crime Act 2002, Terrorism Act 2000, Bribery Act 2010 and Money Laundering Regulations 2007 and all amending legislation.

1.2 Purpose

The purpose of this policy is to ensure the charity's compliance with anti-money laundering, bribery and corruption laws and regulations, to assist law enforcement in combating illegal money laundering, and to minimise the risk of charity resources being used for improper purposes.

1.3 Scope of the Policy

This policy aims to maintain the high standards of conduct which our charity currently practices. This will be achieved by ensuring that The Suffa Educational Foundation does not get:

- Used by third parties for the purpose of money laundering
- Receive bribes that are intended to influence the decision making of The Suffa Educational Foundation
- Subjected to corrupt, dishonest and or illegal behaviour

This policy applies to everyone involved in the charity, including:
Employees, volunteers, suppliers, students and work experience personnel, agency workers, contractors, beneficiaries and the board of trustees.

This policy is made available internally throughout the charity. Management is required to ensure that everyone is aware of it and receives appropriate training.

Failure to comply with this policy can lead to disciplinary action.

1.2 Introduction to Money Laundering

By definition, money laundering is the practice of cleaning up money that has, for some reason, been obtained illegally. Often there is a complex trail involved so that the practice cannot be easily identified or traced.

Money laundering can occur in many ways. It may happen by dispersing money through many different bank accounts (to hide its origins), but can occur when the charity is used unwittingly as a “trading partner”. This could be directed at the charity or through an organisation where we have a close relationship, such as a funder.

The process of money laundering has three stages:

1. **Placement**, through which the funds (often cash) enter the financial systems
2. **Layering**, by which the funds pass through a complex sequence of transactions designed to make it impossible for investigators to follow a trail of evidence back to the origin of the funds; and
3. **Integration**, the point at which the funds emerge from the process back into the legitimate economy in a way that they are unrecognisable as the proceeds of crime.

Charities can be especially susceptible to the attention of potential money launderers.

An international presence often in regions where there are serious issues in control and regulation, make them particularly vulnerable and attractive for use as a stage in the layering process.

1.3 The Law

1. 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. The term “money laundering” covers several offences relating to the improper handling of funds that are the proceeds of criminal acts, or terrorist acts. It relates to both the activities of organised crime but also to those who benefit financially from dishonest activities such as tax evasion or receiving stolen goods.
2. The four main offences that may be committed under money laundering legislation are: (a) concealing, disguising, converting, transferring, or removing criminal property from anywhere within the UK; (b) entering into or becoming concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person; (c) acquiring, using or possessing criminal property; and (d) doing something that might, prejudice an investigation - for example, falsifying or destroying a document.
3. There are also two 'third party' offences: (a) failing to disclose information relating to any of the above money laundering offences; and (b) 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. These offences may be committed by an organisation or by individuals working for an organisation.

1.4 Charity Commission Guidance on Due Diligence

The Charity Commission advises that in order to ensure that they are fulfilling their duty to manage their charity's funds properly, a charity's trustees need to know where the funds come from and take reasonable steps to ensure they:

1. **'Identify'** - know who they are dealing with;
2. **'Verify'** - where reasonable and the risks are high, verify identities;
3. **'Know'** what the organisation's or individual's business is' and can be assured this is appropriate for the charity to be involved with;
4. **'Know what their specific business is with the charity'** and have confidence they will deliver what the charity wants them to; and
5. **'Watch out'** for unusual or suspicious activities, conduct or requests.

2 Anti-Terrorism

2.1 Considerations

The Suffa Educational Foundation (SEF) is a not-for-profit organisation dedicated to supporting the religious and social welfare of the Muslim community in the UK and beyond. We allocate funds to our partners for their exclusive use on humanitarian aid and development activities to relieve poverty and undertake religious acts of worship. Terrorism, in common with other criminal acts, goes against our fundamental Islamic values and teachings and diverts money and attention from the real needs of the communities we are committed to helping.

We do not engage with terrorist organisations or give money to partners who carry out, or fund, or advocate terrorist activity. We are fully committed to ensuring all our business processes minimise the risk of funds being diverted for terrorist or any other criminal purposes.

We work within the law to ensure that our work and that of our partners is free from interference and that resources are used for the purposes intended.

3 Bribery and Corruption

3.1 The Bribery Act 2010

The Bribery Act 2010 applies to individuals and commercial organisations, including charitable organisations.

It sets out four criminal offences:

1. Bribing an individual or company

2. Being bribed by an individual or company
3. Bribing a foreign public official
4. Corporate failure to prevent bribery

3.2 Examples of Bribery and Corruption

1. Bribery can arise in day-to-day situations such as; tendering, appointing preferred suppliers, contractors and agents, awarding licences or offering jobs.
2. Provision of lavish hospitality by The Suffa Educational Foundation for public officials
3. Use of charitable funds, in the form of payments or gifts and hospitality for any unlawful, unethical or improper purpose.
4. Authorisation of, making, tolerating, encouraging, inviting or accepting, any improper payments in order to obtain or retain or improve business.
5. Permitting anyone to offer or pay bribes or make facilitation payments on behalf of The Suffa Educational Foundation or do anything else the organisation would not be permitted to do itself.
6. Offering or giving anything of value to a public official (or their representative) to induce or reward them for acting improperly in the course of their public responsibilities.
7. Awarding employment where a person has not met has not met the recruitment criteria requirements on the basis of acceptance of a donation.
8. Offering or accepting gifts or hospitality, where this might impair objective judgment, improperly influence a decision or create a sense of obligation, or if there is a risk it could be misconstrued or misinterpreted.

This list is not exhaustive.

The Act is not limited to activity in the UK or UK based companies. It covers payment to a public service provider to speed up the performance of the service or delivery, such as provision of work permits or the connection of a telephone line. Whilst these activities are commonplace in some places and are even permissible in the US, the Act considers them to be bribery. Clearly the main thrust of this legislation is aimed at businesses which operate overseas. It is acknowledged that there is a culture of “facilitation payments” in certain areas but there is no exemption just because it is a local custom. The standard expected is that of a reasonable person in the UK.

The trustees do not need to be aware of the bribery to be liable. An offence can be committed by an organisation if any bribe is paid by any person associated with it, therefore trustees need to have a robust policy stating who may act on their behalf and what actions they may take. That policy needs to be communicated to all trustees, staff, volunteers, agents and fundraisers. The trustees should also take steps to monitor who may be acting on their behalf without proper permission.

4 Responsibilities and Obligations

4.1 Obligations of all employees, trustees, volunteers, consultants, seconded and interns

Current criminal law places three obligations on all persons:

1. Not to assist in the money laundering process through acquiring, concealing, disguising, retaining or using the proceeds of crime
2. Not to prejudice an investigation
3. Not to contact any person who has been suspected of, and reported for, possible money laundering in such a way as to make them aware of the suspicion or report (“tipping off”)

It is important to bear in mind that the law requires all cases of suspicion to be reported, regardless of size.

4.2 Penalties for conviction under the Act

- Individuals – unlimited fine to imprisonment for 10 years.
- Directors / Trustees – could find themselves disqualified from acting as company directors.
- Commercial Organisations – unlimited fines and exclusion from tendering for public contracts.

4.3 General Duties

There are a number of general duties SEF is expected to comply with. These include that every registered charity shall:

1. Report any suspicious transactions relating to money laundering or terrorist financing
2. Keep a record of all such suspicious transactions.
3. Conduct ongoing monitoring of its relationships with beneficiaries, donors and partners.
4. Take reasonable measures to establish the identity of donors, beneficiaries and partners, where there is a reasonable risk of money laundering or terrorist financing.
5. Ensure that its payments to beneficiaries and partners are appropriately monitored.
6. Establish and maintain the anti-money laundering systems and controls.

4.4 Risk Assessments

4.4.1 Risk Assessment should consider the following common risk exposures:

1. **Country Risk** – where the business is trading.
2. **Sector Risk** – some sectors carry a higher risk than others.
3. **Transactional Risk** – this would be the type of spending – some categories are easier to corrupt than others.
4. **Business Opportunity Risk** – high value projects, projects not undertaken at market prices or involving contractors or intermediaries.

5. **Business Partnership Risk** – joint ventures, overseas agents or ventures linked to prominent public officials.

4.4.2 Warning signs to look out for:

1. Country offices may receive requests for unusual transactions, such as a request to pass funds through an office account, or to hold cash on behalf of a third party, or to pass this in some way back to The Suffa Educational Foundation
2. Overseas programmes and partners may be subject to suspicious or unusual transactions resulting from money laundering
3. Interest-free loans
4. Donors requesting unusual or over-specific restrictions on a gift, or requesting its return in whole or part
5. Requests to use The Suffa Educational Foundation as a conduit and pass money through it
6. Using staff as couriers to carry cash or small items of value to persons or organisations overseas; and
7. Suppliers may be set up to provide such money laundering facilities, so we must ensure that due tender and procurement process is followed and suppliers are confirmed as genuine and trustworthy

4.5 Tainted Donations

Parallel legislation is now in force in respect of what are called tainted donations. This is a replacement for the substantial donor provisions and is legislation largely driven by corporation tax requirements. In simple terms, a tainted donation is not necessarily a criminal offence, but it will be construed as not for charitable purposes and thus liable to tax as trading income. It follows also that any gift aid claim would be disallowed.

The legislation is intended to catch donations which are given “with strings attached”. In short, the donor expects a measurable benefit in return. (The small benefit rules which apply to gift aid donations are not affected by the changes.)

Trustees should ensure that they have policies in place to identify the source of donations and to identify any conditions in writing or merely implied which could cause a problem. This is not to prevent genuine restricted donations which are given for a particular purpose within the general charitable activities. As with bribery policies, donation policies should be communicated to all trustees, staff etc., so that nobody can unwittingly commit the charity to accepting a commitment which they should not be accepting.

The Charity Commission has issued a Compliance Toolkit – Protecting Charities from Harm which is available on their website, and adds a section on bribery to the extensive guidance on fraud and financial crime. The Charity Commission does expect any serious criminal activity, known or

suspected, to be reported to it and the Annual Return requires a declaration to this effect to be made by the trustees.

4.6 Procedures

It is a legal requirement to appoint a Money Laundering Reporting Officer ('MLRO') to be responsible in law for receiving suspicion reports in an organisation and for passing these on to the National Criminal Investigation Service (NCIS).

Following best practice, the MLRO should be the Finance Director. As that role is currently unfilled at The Suffa Educational Foundation, the General Manager will act as the money laundering reporting officer (MLRO) to receive disclosures from anyone involved in the charity of any suspected money laundering activities. The Treasurer from the Trustees will act as temporary MLRO if the MLRO is not available.

The MLRO will:

1. Be responsible for carrying out the charity's anti-money laundering procedures
2. Ensure that proper records are maintained on all the relevant activities and steps taken to deal with them

4.7 Policy on Reporting and Disclosure

If anyone knows, suspects or has reasonable grounds for thinking or suspecting that a person is engaged in money laundering or terrorist financing, they must report such matters to the MLRO immediately. Any delay leaves them open to the two charges of failure to report, and of assisting an offence. There is no need for them to ascertain the nature of the crime which leads them to suspect that the unusual transaction may be an instance of money laundering. However, they must be able to explain what made them The report should always be made immediately to the MLRO, even if later knowledge proves the suspicion to be unfounded.

It is best not to discuss any suspicion with colleagues, especially if they also have dealings with the person suspected, as they may (even inadvertently) say or do something which might lead that person to realise that they might be the object of suspicion. The matter should never be discussed with anyone outside The Suffa Educational Foundation other than the appropriate statutory authorities, except with the permission of the MLRO.

Where possible, disclosure should be made on a standard online form available from the MLRO which requires:

1. Details of the people involved
2. Type of transaction
3. The relevant dates

4. Why there is a suspicion
5. When and how activity is undertaken
6. Likely amounts

The MLRO will acknowledge receipt of the disclosure within an agreed response period. The MLRO will consider the report and any other information available.

Once a report has been submitted, any contact with the person or organisation suspected should only be made with the express agreement of the MLRO.

Once the MLRO has evaluated the disclosure or other information, they will determine if:

1. There are reasonable grounds for suspecting money laundering and the steps to be taken;
or
2. There is actual money laundering or terrorist financing; and
3. Whether they need to report the matter to the National Crime Investigation Service (NCIS).

If the MLRO decides to submit a report to the NCIS, then all activity involving the suspected party must be frozen immediately, and no contact made without the consent of NCIS. All disclosure reports referred to by the MLRO and reports made by them to the NCIS will be retained for a minimum of 5 years.

Remember that The Suffa Educational Foundation also has a whistleblowing policy and a fraud and loss policy. We have policies and procedures around fund transfers and supplier procurement as well as the management of cash funds in the general finance procedures. This policy on anti-money laundering sits alongside those other policies.

5 Complaints

If you would like to make a complaint about this policy or a response to your information request, please contact us through the details below:

Address:

The Suffa Educational Foundation
The Shaftesbury Centre, Unit 8
85 Barlby Road
London, W10 6BN

Email:

info@thesuffafoundation.org