



**The British  
Psychological Society**

Promoting excellence in psychology

## **ANTI-MONEY-LAUNDERING POLICY AND PROCEDURE**

For use by:	All Society employees
Owner:	Director of Finance
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Date of Approval by JNC	5 October 2012
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Contact - comments	Personnel Department
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## **1. Introduction**

- 1.1. The Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 place obligations on the Society and its employees to establish internal procedures to prevent the use of their services for money laundering.
- 1.2. Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The following constitute the act of money laundering:
  - concealing, disguising, converting, transferring criminal property or removing it from the UK ;
  - entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
  - acquiring, using or possessing criminal property.
- 1.3. These are the primary money laundering offences and are, therefore, prohibited acts under the legislation. There are also two secondary offences: failure to disclose any of the three primary offences and tipping off. Tipping off is where someone informs a person or persons who are involved in, or suspected of being involved in, money laundering, in such a way as to reduce the likelihood of their being investigated or to prejudice an investigation.
- 1.4. This Policy and Procedure should be read in conjunction with the policies and procedures in 8. below.

## **2. Aims**

- 2.1. To ensure that the Society complies with the relevant legislation.
- 2.2. To ensure that all those covered by this Policy and Procedure are aware of their legal responsibilities in relation to the prevention of money-laundering, their responsibilities under the Policy and the consequences on non-compliance.
- 2.3. To provide a framework for the reporting and investigation of possible money laundering.
- 2.4. To promote a culture of integrity and transparency.

## **3. Scope**

- 3.1. This Policy applies to all employees of the Society.

## **4. Principles**

- 4.1. It is the Society's policy to comply with its legal obligations in relation to the prevention of money-laundering.
- 4.2. All Society employees will maintain awareness of any potential for money laundering and report suspicions promptly.
- 4.3. Failure by a member of staff to comply with this Policy and Procedure may lead to disciplinary action being taken against them. Any Society disciplinary action will be dealt with in accordance with the Society's Disciplinary Policy and Procedure. It may also be necessary for the Society to inform the relevant authorities should a member of staff breach legal provisions.
- 4.4. In any case, the Society will notify the relevant authorities should there be good reason to suspect that money laundering has occurred.

## **5. General Guidance**

- 5.1. Potentially, any member of staff could find themselves in violation of the money laundering provisions if they become involved in money laundering or suspect that it is occurring and do nothing about it. Hypothetical examples of the type of activities that could occur within the Society are provided below in 5.3. Whilst, given the nature of the Society's financial transactions, the risk of contravening the legislation is low, it is important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation.
- 5.2. The key requirement on employees is to promptly report any suspected money laundering activity.
- 5.3. Hypothetical examples of money laundering in the Society:
  - A Member pays his/her subscription by installments or makes regular donations to the Welfare Fund. They suddenly make a significant payment/donation. Soon after, they change their mind (or claim that there has been a mistake by their bank) and ask for the money back. To refund the money might be an offence under the Proceeds of Crime Act because the money sent may be "dirty" and refunding it from a Society account would have "cleansed" it, albeit unwittingly. Note that the offence is committed even though the Society has gained no advantage from receiving the money.
  - A Member offers a large donation but with pre-conditions on how it is to be used that go beyond a Society objective, e.g. that a particular individual person(s) or organization(s) are used to work for the Society or handle the financial receipts from the fund.

## **6. Cash Payments**

- 6.1. No payment to the Society will be accepted in cash (including notes, coins or travellers' cheques in any currency) if it exceeds £200.

## **7. Procedure**

### **7.1. Money Laundering Reporting Officer (MLRO)**

7.1.1. The MLRO for the Society is the Director of Finance.

### **7.2 Reporting suspicions**

7.2.1. Where a member of staff suspects that money laundering activity is taking/has taken place, or becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, they should make a report as soon as practicable to the MLRO. Should this not be done, the member of staff concerned may become liable to prosecution.

7.2.2. The report should include as much detail as possible, including:

- Details of the individuals involved where known (including the member of staff his/herself, if relevant).
- The nature of the money laundering activity.
- Relevant dates.
- Details of the nature of any involvement by the member of staff making the report. If the member of staff is concerned that their involvement in the transaction would amount to a prohibited act under the provision of the law, then the report must include all relevant details, as the member of staff will need consent from the Serious Organised Crime Agency (SOCA), via the MLRO, to take any further part in the transaction - this is the case even if the suspicious person or organisation gives instructions for the matter to proceed before such consent is given.
- Any other available information to enable the nominated MLRO to make a sound judgment as to whether there are reasonable grounds to suspect money laundering and if this should be reported to the SOCA.

7.2.3. Once the matter is reported, the member of staff must follow any directions the MLRO may give and must not make any further enquiries into the matter themselves. Any necessary investigation will be undertaken by the SOCA.

7.2.4. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

7.2.5. At no time and under no circumstances should the member of staff voice any suspicions to the person(s) suspected of money laundering, even if the SOCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise a criminal offence of "tipping off" may be committed (see 1.3).

7.2.6. No reference should be made on any file relevant to the person(s) under suspicion to a report having been made to the MLRO – should the person(s) exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render an employee liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

### **7.3 Consideration of a disclosure report by the MLRO**

7.3.1. Upon receipt of a disclosure report, the MLRO must record and acknowledge receipt of it. He/she should also advise the employee of the timescale within which he/she expects to respond.

7.3.2. The MLRO will consider the report and any other available internal information thought to be relevant e.g.

- reviewing other transaction patterns and volumes;
- the length of any business relationship involved;
- the number of any one-off transactions and linked one-off transactions;
- any identification evidence held;

The MLRO will make other reasonable enquiries to ensure all available information is considered in deciding whether a report to the SOCA is required. Enquiries made must be in such a way as to avoid any appearance of tipping off those involved and may include the need to discuss the report with the disclosing employee.

7.3.3. Once the MLRO has evaluated a disclosure and any other relevant information, he/she must make a timely determination as to whether there are actual grounds or reasonable suspicion that money laundering may be taking place, and whether he/she needs to seek consent from the SOCA for a particular transaction to take place.

7.3.4. Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then this must be reported accordingly to the Chief Executive or, in her/his absence, the Honorary Treasurer who will decide whether to give consent for any ongoing or imminent transaction(s) to proceed.

7.3.5. Where the MLRO concludes that money laundering may be taking place, he/she must prepare a report for the Chief Executive or, in her/his absence, the Honorary Treasurer, who will decide whether the evidence is sufficient to support the disclosure of the matter as soon as is practicable to the SOCA. If there is evidence that money laundering may have occurred, it will normally be the case that such a disclosure will be made.

7.3.6. Where money laundering is suspected but there is a reasonable excuse for non-disclosure, then the MLRO must record this accordingly; he/she can then immediately give consent for any ongoing or imminent transactions to proceed.

- In cases where legal professional privilege may apply, the MLRO must liaise with a legal adviser to decide whether there is a reasonable excuse for not reporting the matter to SOCA.
- Where consent is required from SOCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until SOCA has specifically given consent.

7.3.7. All disclosure reports referred to the MLRO and reports made to SOCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

7.3.8. The MLRO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him, that another person is engaged in money laundering and he does not disclose this as soon as practicable to SOCA.

## **8. Related policies**

8.1 This policy should be read in conjunction with:

- Whistleblowers Policy
- Anti-Fraud Policy & Procedure
- Expenses Policy \*
- Financial Procedure and Internal Control Manual \*
- Gifts and Hospitality Policy
- Disciplinary Policy and Procedures \*
- Declaration of Interests Policy and Procedures
- Purchasing Policy and Procedure

*\* update/approval ongoing*