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## Documentation Extract

### Original Document Details

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**Department:** Finance

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### Extract Details

**Sections Extracted:**

Section 19 – Money Laundering  
Page 21 -23

**Reason for Extract:**

For Kibble internet: [http://www.kibble.org/publication\\_scheme/class\\_4](http://www.kibble.org/publication_scheme/class_4)  
Section 4.3 Financial Policies and Procedures

**NB:**

- **Extract Cover Sheet Must Remain with Extract**
- **Extracts are Uncontrolled Documents and are only Valid at Point of Submission**
- **Where Possible an Extract should be Read in Conjunction with the Parent Document**

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### 19 Money Laundering

#### 19.1 Definition

Money laundering is the practice of engaging in financial transactions to conceal the identity, source, and destination of illegally gained money to convert it into assets which appear to have a legitimate origin. Money laundering occurs over a period of three steps:

**Placing:** Where a criminal puts money into the banking system, perhaps by using an overseas bank which makes inadequate checks

**Layering:** Where money is broken down into smaller amounts to disguise its source.

**Interrogating:** Where the money is extracted in a form which appears to be legitimate.

In the past, the term money laundering was applied only to financial transactions related to organised crime. Today its definition includes any financial transaction which generates an asset or a value as the result of an illegal act.

#### 19.2 Legislation

Money Laundering activities are covered in the UK under a number of pieces of legislation including the following:

- The Terrorism Act 2000
- The Proceeds of Crime Act 2002
- The Money Laundering Regulations 2007

#### 19.3 Risk

**The risk-based approach:**

- Identifies the risk of money laundering and terrorist financing that Kibble faces
- Assesses risks in terms of the sources of incoming resources and the nature of the resources expended, including the terms of restricted funds
- Puts in place controls to mitigate the risks which have been identified
- Monitors the effectiveness of these controls
- Documents the actions taken and the reasoning for these actions

**Risk factors may include (but are not limited to):**

- Large donations in cash
- Funders who are not known to Kibble, and who are reluctant to provide evidence of identity or provide evidence which is unsatisfactory
- The placing of inappropriate assets with Kibble or moving from Kibble
- Inappropriate restrictions on how, where or with whom incoming resources are to be spent
- Unusual transactions or those which seem to make no 'commercial' sense

However employees should note all services and any suspicious amounts are implicated under the Proceeds of Crime Act 2002.

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### 19.4 Money Laundering Reporting Officer

The Money Laundering Reporting Officer (MLRO) nominated to receive disclosures about money laundering activity within Kibble is:

John McIntosh  
Steven Warner (Depute)

### 19.5 Controls

The key controls are:

- Procedures to identify and verify the identity of donors, depending on the assessed level of risk
- Procedures to monitor transactions with donors and the activities carried out, again depending on the assessed level of risk
- An annual review of these procedures to ensure that these operate effectively

### 19.6 Training

As part of their induction, all new staff or volunteers who receive money will be trained to comply with the money laundering policy and to understand the legal risks to Kibble and themselves which could result from their failure to do so. All existing staff and volunteers who receive money will be similarly trained. Training updates will take place as determined by the MLRO commensurate to the risk-based approach.

### 19.7 Client Identification & Reporting Procedure

If a member of staff receives a payment or funding over £2,000 which has not been pre-approved, they must complete the "Report to MRLO" form and send it to the MLRO, who will advise whether the funding may be accepted. They should take no further action with the client until he is authorised to accept it. Similarly, if they receive funding of less than £2,000 which has not been pre-approved and which they think may be of suspicious origin, they should also complete the attached "Report to MRLO" form and send it to the MLRO who will advise whether the payment / funding may be accepted.

If they receive money which has been pre-approved, they do not need to fill out the form and notify the MLRO for authorisation unless they have a concern about the funding. Money subject to a pre-approved identification process includes:

- Money from a local authority
- Money from a government source
- Money from a trust
- Money from a registered charity
- Money from a solicitor as a legacy

Kibble commonly receives money from individuals or companies in small amounts and amounts that are less than the threshold of £2,000 set out in this policy. Staff and volunteers will make every reasonable effort commensurate with the risk-based approach to verify the identity of individuals and companies giving money to Kibble.

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Information which gives the identity of the donor may include:

- Invitation / solicitation from Kibble's database
- Driving licence or passport
- Name / address as shown on electoral register
- Bank and credit card details, personal cheque and direct debit or standing order mandate
- For legacies, information from the solicitor administering the estate
- Company letterhead showing the name and role of the individual concerned
- Company cheque details

Upon receipt of a disclosure, the MLRO must note the date of receipt and acknowledge receipt of the disclosure to the employee.

The MLRO will consider the report and any other information available, this will include reviewing all direct transactions, linked transactions and any identification evidence held on the customer. The MLRO may also need to discuss the report with the employee and can undertake other reasonable inquiries as long as they are made in such a way that keeps the report confidential.

Once the MLRO has evaluated the disclosure they must make a timely determination as to whether the transaction is ok, or if they suspect money laundering is taking place. Where the MLRO concludes that there is a risk that money laundering, they must disclose the matter as soon as practicable to the SOCA on their standard report form and in the prescribed manner.

**The MLRO commits a criminal offence if they know or suspect through a disclosure that another person is engaged in money laundering and they do not disclose this to the SOCA.**

### 19.8 Record Keeping

The MLRO will maintain a record of all reports sent to him and authorised or not as the case may be.

No reference on a client file to a report having been made to the MLRO should exist. Should the client 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 the employee liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

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