



# ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING POLICY

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<b>Approved by EC:</b>	24 June 2015
<b>Next Review Date by EC:</b>	June 2018
<b>Person Responsible:</b>	Head of Finance

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**(This policy will be reviewed as per the regulatory and legal requirements as and when required)**

## 1 Introduction

Muslim Aid will do all it can to prevent the charity and its staff being exposed to money laundering and terrorist financing, to identify the potential areas where it may occur and the reporting of actual or suspected cases.

Muslim Aid, its Partners and Field Offices will comply with both domestic and international standards with respect to anti-money laundering and anti-terrorist financing. Muslim Aid will not permit any form of organised crime or terrorist activities or support for such activities or groups involved in such activities. In furtherance of these intentions and in order to guard Muslim Aid in reasonably limiting any possibility that Muslim Aid might become associated with organised crime or terrorism and to respond appropriately if it becomes aware of any possible connection with terrorism, dedicated policies and checklists have been put in place.

Field offices and partners shall fully co-operate with the Anti-Money Laundering and Anti-Terrorism policies of Muslim Aid in submitting any reports required by the Charity Commission and Anti-Terrorism legislation to relevant authorities, in any investigations which may be commenced by local, national or international police authority having jurisdiction over such matters.

In pursuing activities on behalf of Muslim Aid, its Field offices and Partners are to be informed that a complaint by a member of the public or by a foreign individual, organisation, or government could form the basis of an investigation into Muslim Aid's activities and the initiation of de-registration of Muslim Aid's charitable status. Consequently, Muslim Aid and its Partners shall be encouraged to take care to conduct their activities in such a way as to ensure that Muslim Aid's reputation is, as much as possible, beyond reproach and safeguarded.

This Policy applies to all staff and volunteers at Muslim Aid and aims to maintain the high standards of conduct which currently exist within the charity by preventing criminal activity through money laundering and terrorist financing. The Policy sets out the procedures which must be followed in identifying potential instances of money laundering or terrorist financing and how they are to be reported.

Muslim Aid must ensure that we are not inadvertently used by a terrorist organisation. The authorities are concerned about employees working for charities, and therefore in positions of trust and authority, being used to smuggle weapons or purchase weapons on behalf of terrorist organisations. Another concern is that an employee may use the charity's funds to support the terrorist organisation by, for example, directing charity funds to a body connected with a terrorist organisation. There is an onus on Muslim Aid to assure itself that the beneficiaries are *bona fide*.

This Policy sits alongside Muslim Aid's Anti-Fraud Policy, Anti-Bribery and Corruption Policy, Due Diligence Policy and Procedures and Whistleblowing/Raising Concerns Policy.

Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them.

## **2 Definitions**

### **2.1 Money Laundering**

Money laundering means, in broad terms, the process by which the proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled to fund further crime.

Remember, assets generated by terrorist are classified as proceeds of crime.

There are three stages to the money laundering process, any or all of which usually occur during a money laundering scheme:

- Placement, which involves the physical disposal of cash proceeds derived from illegal activity. For example, the cash may be paid into a bank or be used to buy high value goods, property or business assets.
- Layering, which involves the structuring of complex layers of financial transactions to conceal the source of funds. For example, goods or other assets may be resold or funds transferred abroad.
- Integration, which is the provision of apparent legitimacy to the proceeds of crime by returning them into the economy as *bona fide* business funds.

Charities are less obvious vehicles than banks and other financial institutions for money laundering, however charities have to be alert to the danger presented by money laundering. Charities can be targeted as conduits for money laundering, but in practice they may have a greater vulnerability as being associated with a charity tends to give a veneer of public respectability to a non-charitable enterprise that is in reality dubious or possibly criminal.

The following are examples of cases where staff should exercise caution:

- where, having been offered large donations from persons unknown to the trustees, they do not receive satisfactory replies to the further enquiries they make;
- where donations are conditional on particular individuals or organisations being used to do work for the charity;
- where offers of donations in cash are made for a certain period of time, during which the charity receives the interest, before the capital sum is returned to the donor at the end of the specified period;
- where offers of donations in foreign currencies are made for a certain period of time, during which the charity receives the interest, before the capital sum is returned to the donor in the form of a sterling cheque at the end of the specified period;
- Where a large cash donation is made and a request is received stating that it was made in error (either in full or part) and a refund requested.

### **2.2 Terrorist Financing**

Muslim Aid has a duty to assure itself that the beneficiaries are not linked to terrorist activity. It is criminal offence under the Terrorism Act 2000 for a charity to provide funds to an organisation which it suspects or knows as being a terrorist organisation. According to the Home Office an organisation may be suspected of terrorism should it engage in the following:

Anti-Money Laundering and Terrorist Financing Policy \_version 1

- commits or participates in acts of terrorism;
- prepares for terrorism;
- promotes or encourages terrorism (including the unlawful glorification of terrorism); or
- is otherwise concerned in terrorism.

For a proscribed list of known terrorist organisations please refer to the Home Office Counter Terrorism website.

### **3 Reporting suspected Money Laundering - Staff and Volunteers**

If you suspect that funds/donations are from the proceeds of crime, the funds/donation cannot be accepted. You must report any instance of suspected money laundering immediately to the Head of Risk and Internal Audit by completing the form within *Appendix 1* of the Policy. Once reported, you must follow any subsequent direction received from the Head of Risk and Internal Audit. Failure in doing so may result in disciplinary action under Muslim Aid's Disciplinary Policy and Procedures.

Remember, there is no *de minimis* value in relation to money laundering; if you suspect money laundering, even if the funds are small, you should immediately report your concerns to the Head of Risk and Internal Audit.

Do not report the matter yourself to the Police or other authorities - this is a decision that it to be undertaken by the Head of Risk and Internal Audit and the Trustees.

Finally, do not do nothing.

### **4 Reporting suspected Terrorist Financing - Staff and Volunteers**

If you have concerns or beliefs that a beneficiary may be a terrorist organisation and choose **not** to report it to the Police, you are **committing a criminal offence under section 19 of the Terrorism Act 2000**.

If you suspect that a beneficiary may be a terrorist organisation or linked/affiliated to a terrorist organisation you have a legal duty to report the matter to the **Anti-Terrorist Hotline - 0800 789 321**.

**However**, it is advised that you first report and discuss the matter to the Head of Risk and Internal Audit (by completing the form within *Appendix 2* of the Policy) If you are concerned about an immediate threat to life or property you should contact the police immediately.

### **5 Reporting suspected Money Laundering - Trustees**

In the event that Muslim Aid identifies a suspected instance of money laundering, Trustees have a duty to report the matter to the National Crime Agency and to the Charity Commission *via* the 'Reporting Serious Incidents' regime.

Additionally, under the same, Trustees should make a report to the Charity Commission if significant sums of money or other property are donated to Muslim Aid from an unknown or unverified source. This could mean an unusually large one-off donation or a series of smaller donations from a source you cannot identify or check. The Charity Commission expects Trustees to report any such payment(s) totalling £25,000 or more.

## **6 Reporting suspected Terrorist Financing - Trustees**

In the event that Muslim Aid identifies a suspected instance of terrorist financing, Trustees have a duty to report the matter immediately to the **Anti-Terrorist Hotline - 0800 789 321**.

If Trustees are concerned that about an immediate threat to life or property they should contact the police immediately.

Under section 19 of the Terrorism Act 2000, Trustees are under a positive legal duty to report all suspicions of terrorist financing offences to the police. If they do not, Trustees may be committing a criminal offence.

## **7 'Know Your' Principles**

As *per* Charity Commissions guidance, Muslim Aid's anti-money laundering and anti-terrorist financing measures follow the 'know your principles' approach. These are in line with internationally recognised standards. They are as follows:

- Know Your Donor
- Know Your Beneficiaries
- Know Your Partner

In applying this principle to due diligence and monitoring, Muslim Aid is able to reasonably assure itself as to whether or not the provenance of the funds and the beneficiaries are legitimate. Please refer to Muslim Aid's Due Diligence Policy and Procedures for further details of the process involved in undertaking due diligence.

In respect of all donations over £10,000 or (over £5,000 in cash) you are required to identify the donor and obtain information on the source of the funds. This is achieved by undertaking an initial risk assessment on the donor taking into account the size of the donation, the source of the funds, and the location of the donor. Should you have any suspicions of money laundering after having completed your due diligence, you should immediately report your concerns to the Head of Risk and Internal Audit - as *per* section 3 of this Policy.

The same principles are applied when undertaking due diligence into beneficiaries. Should you have any suspicions of terrorist activity, you should immediately report you concerns to the Head of Risk and Internal Audit - as *per* section 4 of this Policy.

## **8 Training**

All staff at Muslim Aid are required to complete anti-money laundering and anti-terrorist financing training. If you have not yet completed your training, please raise this with the Head of Corporate Services.

## **9 Reference to other policies**

This Policy is linked to the following policies:

- Anti-Fraud Policy
- Anti-Bribery and Corruption Policy
- Due Diligence Policy and Procedures
- Financial Policy and Procedure

- Risk Assessment Policy and Procedure
- Whistle blowing/Raising Concerns Policy

### Appendix 1 - Reporting Suspected Money Laundering Pro-Forma

<b>Reporting Suspected Money Laundering Pro-Forma</b>	
This form is to be sent directly to the Head of Risk and Internal Audit	
Name of Donor	
Date Received	
Amount of Donation	
Form of Donation (Cheque, Cash etc.)	
Name of Bank	
Sort Code & Account Number	
BACS Reference	
Account Name	
Name of Cheque Signatory	
Currency Used	
Why you suspect money laundering	
Any previous donations from source	
Any conditions attached to donation	

<b>Your Details</b>	
<b>Name</b>	
<b>Job Title</b>	
<b>Telephone</b>	
<b>Email Address</b>	
<b>Signature</b>	
<b>Date</b>	

## Appendix 2 - Reporting Suspected Terrorist Financing Pro-Forma

<b>Reporting Suspected Terrorist Financing Pro-Forma</b>	
This form is to be sent directly to the Head of Internal Audit	
Name of Beneficiary	
Date	
Form of Donation (Cheque, Cash etc.)	
Name of Bank	
Sort Code & Account Number	
BACS Reference	
Account Name	
Why you suspect terrorist financing	
Any previous relationship to beneficiary	

<b>Your Details</b>	
<b>Name</b>	
<b>Job Title</b>	
<b>Telephone</b>	
<b>Email Address</b>	
<b>Signature</b>	
<b>Date</b>	

**Muslim Aid Anti-Money Laundering and Anti-Terrorist Funding Statement**

Muslim Aid will do all it can to prevent the charity and its staff being exposed to money laundering and terrorist financing, to identify the potential areas where it may occur and the reporting of actual or suspected cases.

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Muslim Aid will ensure that we are not inadvertently used by any criminal enterprise or terrorist organisation.

[Statement to be signed by the CEO of Muslim Aid]