

Anti-Money Laundering Policy

Sponsor:	Corporate Director, Business Services
Owner:	Director of Business Services Operations
Date Approved:	24 th March 2022
Date for Review:	March 2025 - 3-year review cycle
Distribution:	Non-Confidential for Internal and External Use

<p>Policy Statement</p>	<p>Barnardo's is committed to conducting its operations in accordance with the highest standards of integrity and ethics. The organisation expects all of its Trustees, employees, volunteers and partners to meet the same standards.</p> <p>As such, and in line with our Basis and Values, we are committed to ensuring that Barnardo's, our employees and volunteers do not engage in money laundering or any transaction which involves actual or suspected criminal property on behalf of the Charity. Engaging in such practices could expose both Barnardo's and the individuals involved to criminal liability.</p> <p>There are various offences relating to money laundering, as detailed in the Proceeds of Crime Act 2002 (POCA 2002), the Terrorism Act 2000 (TA 2000) and the Money Laundering Regulations 2007 (MLR 2007), as updated (including recently implemented legislation in 2017).</p> <p>This policy should be read in conjunction with the policies highlighted in the relevant sections.</p>
<p>Policy Objectives</p>	<p>The objectives of this policy are to:</p> <ul style="list-style-type: none"> ▪ Ensure that Barnardo's complies with relevant charity and anti-money laundering legislation. ▪ Define what constitutes money laundering. ▪ Detail our expectations of all Trustees, employees and volunteers in relation to: <ul style="list-style-type: none"> ○ undertaking training to ensure awareness of Barnardo's legal obligations. ○ following approved processes and procedures designed to mitigate the risk of Barnardo's being involved in money laundering; and ○ escalating concerns promptly and appropriately.
<p>Scope</p>	<p>This policy applies to all Trustees, employees, and volunteers in Barnardo's.</p>

Definitions and Key Concepts

The following details various terms and definitions used within this policy.

Term	Explanation
Associated Party or Partner	Any individual or corporate party which is associated with Barnardo's in terms of provision of services (either providing services to Barnardo's or receiving services from Barnardo's), other than Service Users.
Beneficiary	A person who is intended to receive benefit from a charity
Contractual Partner	Any individual or corporate body that Barnardo's contracts with to provide services to it, including where we operate as a sub-contractor of a broader contract.
Criminal Property	Any property that constitutes or represents a benefit from criminal conduct in the United Kingdom or internationally, or any property that is known or suspected to represent such a benefit.
Due Diligence	The process and steps that need to be taken by Trustees and Management to be reasonably assured of the provenance of the funds given to the charity, confident that they know the people and organisations the charity works with and are able to identify and manage associated risks.
Employees	Includes all staff, workers and contractors
Money Laundering	The process of turning the proceeds of crime into property or money that can be accessed legitimately without arousing suspicion. The term 'laundering' is used because criminals turn 'dirty' money into 'clean' funds which can then be integrated into the legitimate economy as though they have been acquired lawfully. More detail can be found in Appendix 1 attached.
National Crime Agency (NCA)	An agency with national and international authority and the mandate and powers to work in partnership with other law enforcement organisations to bring the full weight of the law to bear in cutting serious and organised crime.
Responsible Approver(s)	The person(s) responsible for reviewing and approving the relevant due diligence in relation to a donation, loan or a Partner.
Responsible Person	The person responsible for undertaking the relevant due diligence in relation to Know Your Donor and Know Your Partner requirements.
Service Provider	Any individual or corporate body that is engaged by Barnardo's to perform services on its behalf, including all sub-contractors and agencies of Barnardo's.
Serious	An incident that has occurred in a charity is considered serious if it has resulted or could result in

	Incident	a significant loss of funds or a significant risk to the charity's property, activities, beneficiaries or reputation. The Charity Commission has provided guidance on the reporting requirements in relation to potential money laundering concerns or incidents.
	Suspicious Activity Report (SAR)	A disclosure to the National Crime Agency under either the Proceeds of Crime Act 2002 or the Terrorism Act 2000.

Roles and Responsibilities	The main roles and responsibilities in relation to this policy are as follows:	
	Role	Responsibility
	Board of Trustees	To ensure that this policy is in place and is appropriately communicated and embedded in the organisation, clearly highlighting its importance.
	Audit & Finance Committee	To review and approve the policy at relevant intervals; and oversee and monitor the adequacy and effectiveness of the policy and associated processes and procedures across Barnardo's.
	CLT	To reinforce the importance of adherence to this policy and all associated processes and procedures on an ongoing basis.
	Policy Sponsor Corporate Director, Business Services	To ensure: the policy and associated processes and procedures are reviewed at regular intervals and remain appropriate in the light of emerging best practice; the policy is appropriately implemented and enforced; the Audit and Finance Committee receives relevant and timely information to assist in its oversight and monitoring of the policy; and that all Trustees, employees, and volunteers receive appropriate regular training/awareness messaging on the requirements within this policy.
	Policy Owner Director of Business Services Operations	To maintain the policy and associated procedures; develop training/awareness messaging for all Trustees, employees, and volunteers; undertake periodic risk assessments of the money laundering and associated risks facing the organisation; and ensure that management information demonstrating adherence to this policy is produced and provided to relevant parties.
	Line Managers	To ensure that all their employees (including volunteers) undertake the training/are made aware of the requirements of this policy as part of induction and at agreed frequencies thereafter; and follow the procedures outlined in this policy.
	All Trustees, employees, and volunteers	To follow this policy and associated processes and procedures. This includes co-operating with any investigation as appropriate.
Internal Audit	To periodically independently review adherence to this policy and associated processes and procedures across the charity.	

Policy

1. Overarching Principles:

It is essential that Barnardo's Trustees, employees, and volunteers act in the best interests of the charity at all times, and hence appropriately protect the charity by not engaging in any transaction involving actual or suspected criminal property on behalf of Barnardo's.

You **must**:

- act in the best interests of the charity at all times.
- follow the required processes and procedures outlined in this Policy at all times, together with those outlined in any applicable Directorate or other local policy.
- ensure that all donations accepted by the charity follow appropriate processes in line with relevant 'Know Your Donor' requirements, see the Due Diligence (Acceptance and Refusal of Donations and Working with Third Parties) Policy.
- ensure that all grants and/or money given by Barnardo's follow appropriate processes in line with relevant 'Know Your Beneficiary' requirements.
- ensure relevant documentation which supports financial items (income or expenditure) are retained in line with Barnardo's Document Retention Policy (unless specifically stated otherwise); and
- immediately report **any** suspicions regarding Money Laundering, regardless of amount or method, to the Corporate Director Business Services, or, alternatively, if not available, the Director of Audit and Assurance or the Company Secretary.

You **must not**:

- engage in any transaction involving actual or suspected criminal property on behalf of Barnardo's.
- enter in to or become concerned in an arrangement which is known or suspected to facilitate the acquisition, retention, use or control of criminal property by another person.
- conceal, disguise, convert, transfer, or remove criminal property from the United Kingdom.
- acquire, use, or have possession of criminal property; or
- disclose your suspicions about a transaction to a party directly involved in the transaction. Under **no circumstances** should you inform an individual or organisation that they are the subject of a suspicious money laundering disclosure to a relevant authority (such as the National Crime Agency), as doing so could be deemed 'tipping off' which is a criminal offence.

2. Reporting and response

Barnardo's is committed to responding to any suspected, attempted or actual money laundering incident in an appropriate manner.

All instances of attempted, suspected or actual money laundering

identified, **regardless of the amount involved**, must be immediately reported to the Corporate Director Business Services, and, if unavailable, the Director of Audit and Assurance, or the Company Secretary.

You may choose to remain anonymous when reporting a known or suspected issue and you will not be subject to reprisals for reporting information about potential problems in good faith.

If you feel someone in Barnardo's has experienced retaliation as a consequence of making a good faith report, please immediately contact the Director of People.

Any report of suspected or actual money laundering or the involvement of criminal property will be treated extremely seriously and investigated in full. Director of Audit and Assurance in conjunction with the Corporate Director Business Services, with support from relevant areas, will be accountable for determining the appropriate response. Such a response will, in certain circumstances, include a disclosure to the National Crime Agency, the Charity Commission or other appropriate body. Further detail on the considerations for reporting suspicions of Money Laundering can be found in Appendix 2 attached.

If you are asked by Barnardo's to assist with an investigation, you should always provide truthful and accurate information. Providing untrue or misleading statements, or encouraging others to do so, may result in disciplinary action.

If you are contacted by the police or any other investigatory agency concerning allegations of money laundering, please immediately contact: the Corporate Director of Business Services, or, if unavailable, the Director of Audit and Assurance or the Company Secretary.

If you are notified that documents, in your possession are required for an investigation or legal matter, you should follow directions to preserve those documents. You must never destroy, conceal, or alter those documents in any way.

Failure to abide by any of the principles and procedures in this policy may result in disciplinary action, up to and including termination of employment. It may also involve notification to relevant law enforcement agencies for investigation and prosecution. In particular, Barnardo's has a **zero-tolerance** approach to money laundering and/or being involved with criminal property and will diligently work with the relevant authorities to investigate suspected, attempted or actual money laundering and will support the prosecution of the perpetrators of such activity where appropriate.

There are also obligations on other parties connected with the Charity to report any money laundering suspicions to the relevant organisations, such as Barnardo's external auditor.

Under **no circumstances** should you inform an individual or organisation that they are the subject of such a disclosure, such an activity is called 'Tipping Off' and is illegal.

3. Warning Signs of Money Laundering:

Money laundering usually involves the receipt of funds which are then paid out, perhaps in different amounts, to different people and in different forms

and currencies. Nonetheless there are risks, with some of the potential signs including, but not limited to:

- unexpected donations from unknown individuals, organisations, or other sources new to Barnardo's.
- donations conditional upon particular individuals or organisations, who are unfamiliar to the charity, being engaged to carry out work.
- money being offered as a loan for a period of time after which it is to be returned or sent elsewhere, potentially with Barnardo's being allowed to retain the interest earned on the donation or some other small sum in return for agreeing to take part in the arrangement.
- similar 'loan' arrangements in which money is received by the charity in a foreign currency but is to be returned to the donor in sterling.
- unexpected or unexplained requests for the repayment of all or part of a donation.
- requests for assistance in recovering large sums of money where the charity is offered a percentage of the amount recovered (which may also involve Barnardo's being asked to provide its bank account details or permit the donor to use its name or letterheads on the pretext that it is a necessary part of the recovery process);
- unsolicited offers of short-term loans of large cash amounts, repayable by cheque or bank transfer, perhaps in a different currency;
- being asked to allow transactions to pass through the charity's bank account; and
- offers of goods or services which seem very expensive, unusual or carry high administration and other charges.

There are a range of minimum controls which need to be consistently and appropriately operated throughout Barnardo's to ensure that the charity is adequately protected against money laundering. Further details on these are provided in the relevant sections below.

4. Know Your Donor or Lender Requirements:

Donations and loans to support our charitable operations may sometimes present money laundering risks. For instance, we could commit a criminal offence if we know or suspect that a donation or loan we are accepting constitutes criminal property, whether in whole or in part. These money laundering risks can be mitigated by conducting risk-based due diligence on our donors.

Guidance issued by the Charity Commission states that we are not expected to know the identity of all of our donors. For example, we do not need to know the identity of individuals who provide small one-off donations through cash collection boxes or fundraising events such as bake sales, sponsored activities, or similar activities. However, there are certain circumstances which necessitate detailed consideration. In particular:

- some types of donations and loans are always prohibited – for example:
 - unusual or substantial one-off donations or a series of smaller donations or interest-free loans from sources that cannot be identified or checked by the charity.
 - where a charity is asked to act as a conduit for the passing of a donation to a second body which may or may not be another charity.
 - if conditions attached to a donation mean that the charity would

merely be a vehicle for transferring funds from one individual or organisation to another without the trustees being able to satisfy themselves that they have been properly used.

- where a charity is told it can keep a donation for a certain period of time, perhaps with the attraction of being able to keep any interest earned whilst holding the money, but the principal sum is to be returned at the end of a specified, short, period.
- where donations are made in a foreign currency, and again unusual conditions are attached to their use, e.g., including a requirement that the original sum is to be returned to the donor in a different currency.
- where donations are conditional on particular individuals or organisations being used to do work for the charity where the trustees have concerns about those individuals or organisations.
- where a charity is asked to provide services or benefits on favorable terms to the donor or a person nominated by the donor.

- We must conduct further due diligence to fully identify donors or lenders, including corporate partners, and to verify the source of their funds in certain higher-risk situations.

Further detail on the types of donations and loans which are **always prohibited** in Barnardo's, together with those where we require further due diligence due to one or more higher-risk factors being present, can be obtained in the:

- **Due Diligence (Acceptance and Refusal of Donations and Working with Third Parties) Policy**, which must be followed by all Trustees, employees and volunteers involved in the acceptance of donations (from whatever source); and
- [Raffles, Lotteries and Other Gaming \(Guidance and Internal Policies\)](#), which must be followed by all Trustees, employees and volunteers involved in the operation of our lottery products.

It should be noted that, given the need to undertake relevant due diligence on any donor or lender, including corporate partners, in certain circumstances, no individual should indicate the acceptance of a donation or loan prior to the completion of the relevant due diligence required and receipt of relevant approvals, from the Responsible Approver.

Other Unusual/Suspicious Transactions:

In addition to the requirements outlined above and in the Due Diligence (Acceptance and Refusal of Donations and Working with Third Parties) Policy, there is a need to review other smaller but potentially suspicious transactions to ensure that they are not the proceeds of crime. The main example here is where criminals use stolen or cloned credit or debit cards to donate small amounts (by Barnardo's website) as a means of verifying that the credit or debit card has not been blocked or cancelled.

As such, it is essential that the following reports are in place and reviewed to determine whether appropriate action needs to be taken as outlined below (see Section 6):

- details of all small donations (e.g. at or around £1), especially where there are multiple donations using the same credit/debit card over a period of time, accepting that allowance will need to be made for specific fundraising activity (eg TV advertising, Christmas appeals etc.);
- where the name of the donor may not match the cardholder's name,

(some fraudsters will put random characters into mandatory name and address fields).

Certain other controls must be put in place to prevent such exposure, as detailed within the **Anti-Fraud policy, and associated mandatory procedures**.

5. Know Your Partner Requirements:

To help deliver our charitable services, Barnardo's works with a number of Associated Parties or Partners during the course of its work, such as being the Prime Contractor on a contract, or a sub-contractor to a Prime contractor on a contract.

To ensure that Barnardo's Trustees meet their legal duty to protect charity assets, it is essential that we satisfy ourselves about the integrity and reputation of any Partner we may/will/are working with closely and their ability to deliver to an acceptable standard. As such, Barnardo's must undertake appropriate, detailed due diligence on its Partners both as part of the initial contracting process, and subsequently on an ongoing basis, minimally annually for major Partnership arrangements, or at renewal for less significant arrangements.

Further details can be found in the **Lead Contractor / Partnership Due Diligence Procedures** and the **Sub-contractor Due Diligence Procedures**.

6. Record Keeping Requirements:

Compliance with this policy must be documented in writing. In particular, where this policy, or the relevant associated policies, namely the **Due Diligence (Acceptance and Refusal of Donations and Working with Third Parties) Policy**; the **Lead Contractor / Partnership Due Diligence Procedures**; and the **Sub-contractor Due Diligence Procedures**, requires that the Responsible Person conduct due diligence on a proposed donation, loan or Partner, the Responsible Person must collate:

- the relevant Due Diligence Form.
- any supporting documents relating to the Due Diligence Form; and
- the relevant Responsible Approver(s)'s written communication to the Responsible Person regarding the evaluation decision and the reasons for the decision.

Any such documents must be retained for at least six (6) years following:

- the date on which a decision relating to a proposed donation or loan is made; or
- the date of cancellation of a Partnership arrangement.

The documents should be stored in line with the agreed Records Management procedures.

7. Risk Assessment:

Criminals are continuously adapting their techniques and becoming increasingly sophisticated in their methods, adopting new technologies and targeting organisations' vulnerabilities in order to launder money. Given this, and the responsibilities placed on Barnardo's in Charity and other legislation around taking reasonable precautions to protect the assets of

	<p>the Charity, it is essential that the money laundering risks facing Barnardo's are reviewed on a regular basis. Therefore, at least every two years, the Policy Owner, with assistance from relevant individuals, information gleaned from relevant internal investigations and wider market intelligence on trends in money laundering, will undertake a detailed risk assessment of the money laundering risks facing Barnardo's. The outputs will be used to inform required changes to this policy, any associated processes and procedures or training/awareness messaging as required.</p> <p>8. Communication and Training Requirements:</p> <p>To facilitate the appropriate understanding and embedding of this policy and its associated processes and controls:</p> <ul style="list-style-type: none"> ▪ there must be periodic communication of the importance of appropriate adherence to this policy, including how to report any concerns. ▪ relevant personnel, particularly those in the Business Services and Fundraising, must be given comprehensive anti-money laundering training; and ▪ all Trustees, employees and volunteers must receive training/be made aware of the requirements of this policy as part of their induction process and at suitably regular intervals thereafter.
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<p>Associated Guidance and Other Documents of Note</p>	<p>As outlined above, the requirements in this policy should be considered alongside the requirements of the following policies:</p> <ul style="list-style-type: none"> ▪ Gifts and Hospitality Policy ▪ Anti-Bribery and Corruption Policy ▪ Conflicts of Interest Policy ▪ Due Diligence (Acceptance and Refusal of Donations and Working with Third Parties) Policy ▪ Raffles, Lotteries and Other Gaming (Guidance and Internal Policies) Anti-Terrorism Policy ▪ Lead Contractor Due Diligence Procedures ▪ Sub-Contractor/Partner Due Diligence Process ▪ Procurement Policy
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<p>References</p>	<p>None</p>
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<p>Compliance and Oversight</p>	<p>Compliance with this policy will be assured by:</p> <ul style="list-style-type: none"> ▪ The Policy Owner: reviewing relevant training records; undertaking investigations into suspected or actual fraud to identify potential weaknesses in controls and hence actions required; and undertaking random reviews of fraud mitigation processes, and relevant records on a minimum annual basis to ensure it is appropriately embedded. ▪ Internal Audit: as part of any audit, Audit and Assurance will, where appropriate, consider and review relevant fraud and money laundering controls highlighting any concerns together with relevant recommendations. Audit and Assurance may also lead the investigations into more material instances of money laundering.
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Review and Approval

This policy will be reviewed by the Policy Owner at least every three years following each Risk Assessment undertaken (or earlier in the event of identification of serious weaknesses in relevant processes and procedures; in the light of investigations into attempted, suspected or actual money laundering; or market intelligence related to changes in the techniques and methods being used by criminals).

The Policy will be subject to approval by the Audit and Finance Committee.

Appendix 1 – What is Money Laundering?¹

Money laundering is a crime and is usually described as the process of turning the proceeds of crime into property or money that can be accessed legitimately without arousing suspicion. The term 'laundering' is used because criminals turn 'dirty' money into 'clean' funds which can then be integrated into the legitimate economy as though they have been acquired lawfully. Charities, like any other organisation, can be targeted as conduits for money laundering, and whilst the risks may be low, they may be targeted because 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.

UK money laundering offences are prohibited under the following Acts:

- Proceeds of Crime Act 2002
- Terrorism Act 2000
- Anti-Terrorist Crime and Security Act 2001
- Counter-Terrorism Act 2008

Money laundering comprises three distinct stages:

1. **Placement** – movement of criminal proceeds from their source. For example, cash proceeds from crime may be paid into a bank or used to buy goods, property or assets.
2. **Layering** – undertaking transactions to conceal the origin of the money. For example, goods or other assets may be resold or funds transferred abroad.
3. **Integration** – movement of laundered money into the economy so that it looks as if the money came from legitimate sources. For example, invoices from a 'front' company may be paid using cash which originated as the proceeds of crime. Laundered cash can also be loaned to such a company.

Cash is weighty, bulky and conspicuous and has no value unless it can be used successfully. Criminals launder money so they can spend it safely, avoiding suspicion and detection.

Under the Proceeds of Crime Act 2002 (POCA), there are three principal money laundering offences that relate to the stages mentioned above. These are: concealing, arranging and acquiring criminal property. Further detailed information can be obtained from the National Crime Agency.

¹ Predominantly taken from Charity Commission Guidance – Compliance Toolkit: Protecting Charities from Harm. Chapter 3: Fraud and financial crime

Appendix 2 – Reporting Money Laundering Suspicions

Any potential money laundering offences which take place within Barnardo's must be reported to the police and the Charity Commission immediately. Detailed information can be found in Reporting Serious Incidents – guidance for Trustees.

The **Proceeds of Crime Act 2002 (POCA)** expanded, reformed and consolidated the UK's criminal money laundering offences. Most of the offences under POCA apply to all individuals and businesses in the UK, but some apply only to those doing business in the 'regulated sector'.

In relation to Barnardo's there is a defence against charges relating to money laundering if we seek consent to the doing of the act which would prompt such charges. In this case, 'consent' means the consent of a police officer, customs officer or an officer of the National Crime Agency (NCA) to proceed with a prohibited act (section 335 of POCA). When seeking consent, the following must be disclosed:

- the suspected benefit from criminal conduct (the 'criminal property'), including where possible the amount of benefit.
- the reason(s) for suspecting that property is criminal property.
- the proposed prohibited act(s) the reporter seeks to undertake involving the criminal property; and
- the other party or parties involved in dealing with the criminal property including their dates of birth and addresses where appropriate.

In the case of Barnardo's, it is the responsibility of the Trustees to ensure that acts which may be money laundering are reported and are encouraged to report suspicions and to submit a request for consent as soon as there is any knowledge or suspicion of such an offence.

It should be noted that, if Barnardo's is seeking consent for the activity, this must be done in advance - consent cannot be given retrospectively.

If reporting a suspicion or seeking consent to a transaction, then the NCA's preferred method for reporting suspicious activity is by using the **NCA Suspicious Activity Report Form**. This should, preferably, be submitted electronically but hardcopy versions (including Limited Intelligence Value Reports) can be found on the NCA website or obtained directly from the NCA.

Further information can be obtained from the NCA website.

Document Control

Version History:

Version	Date	Author	Status	Comment
0.1	23/8/2017	Sheree Howard	Draft	Based on initial external legal draft, with rework and some additions, including links to other documents and controls
0.2	26/9/2017	Sheree Howard	Draft	Updated following comments from various parties
0.3	18/1/2018	Sheree Howard	Draft	Updated following comments from the Trustees
1.0	22/01/2019	James Sherrett	Final	Minor amendments before finalisation and publication
2.0	27/10/2021	Matt McHugh	Final	Review of the policy in line with review schedule. Approved by Director of Business Services Operations (Policy Owner) in January 2022. Approved by Board of Trustees March 2022.