CARLISLE CATHEDRAL

ANTI-MONEY LAUNDERING POLICY

INTRODUCTION

Money laundering is the process of taking profits from crime and corruption and transforming them into legitimate assets. It takes criminally-derived 'dirty funds' and converts them into other assets so they can be reintroduced into legitimate commerce. This process conceals the true origin or ownership of the funds, and so 'cleans' them. As the Cathedral receives significant amounts of funds from various sources, for events, donations and services, as well as making significant payments, it is exposed to the risk of being unwittingly used to launder funds.

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1. UNDERSTANDING MONEY LAUNDERING

The Chapter of Carlisle Cathedral is required under the Money Laundering Regulations 2017 to put in place appropriate systems and controls to forestall money laundering and terrorist financing. The Cathedral's policy and aim is to comply fully with all UK legislation in relation to anti-money laundering, and to ensure it minimises the risk of money-laundering taking place in its operations. It does this in several ways:

- It provides, in this policy, a helpful list of 'warning signs' for anyone who suspects money laundering is taking place.
- The Cathedral has introduced several key controls to reduce the risk of money-laundering affecting the Chapter, which involve a robust 'know your customer policy'.
- The Cathedral has a clear reporting structure for anyone who suspects money-laundering is taking place.
- The Cathedral has a regular review process to update the policy and check we understand existing risks and can recognise new risks.

For the avoidance of doubt, the Cathedral will not do business with anyone whom it is suspects of taking part in any activity, knowingly or unknowingly, which it regards as linked with potential money-laundering.

The Money Laundering Regulations require that an organisation has a Nominated Officer to ensure that there is up-to-date knowledge of issues relating to Anti-Money Laundering and Counter-Terrorist Financing throughout the organisation, to implement appropriate policies and procedures and to receive reports of suspicious activity. The Nominated Officer (Money Laundering Reporting Officer) for Carlisle Cathedral is the Chief Operating Officer.

In the UK, the approach to money laundering and terrorist financing is based on objectives that are specified in legislation and/or Financial Conduct Authority (FCA) rules. This approach is part of a wider UK government move to risk-based regulation, which allows organisations to assess their risks relevant to their operations, and then put in place the processes and procedures that the organisation itself deems necessary.

1.1. The Chapter's responsibilities

In the UK, severe penalties are imposed on individuals connected with any stage of laundering money. Offences include:

- failing to report knowledge and/or suspicion of money laundering;
- failing to have adequate procedures to guard against money laundering;
- knowingly assisting money launderers;
- tipping-off suspected money launderers;
- recklessly making a false or misleading statement in the context of money laundering.

The Chapter therefore has to consider the risks that its business activities will expose it to potential money laundering and devise suitable controls that protect it and its employees against being the victim of money laundering. It has to document these risks and monitor them on a regular basis. The Chapter also has to consider how it trains its staff to spot potential signs of money laundering activity, and how to report it according to UK law.

1.2 Key risk areas

The basic principles outlined below should be adopted.

To understand our risk, we need to define how money laundering works.

There are three stages in money laundering: placement, layering and integration. Placement is where the proceeds of criminal activity enter into the financial system. Layering distances the money from its illegal source through layers of financial transactions. Integration involves the re-introduction of the illegal proceeds into legitimate commerce by providing an apparently genuine explanation for the funds.

There are many types of risk. The Chapter has identified the following key areas which could be exploited by those trying to carry any or all of the three stages of money laundering above:

- receiving donations/legacies from overseas
- receiving funds from potentially criminal business entities
- making refunds to individuals and third parties

- receiving cash transactions
- receiving donations

1.3 Managing risk and our controls

The following controls are adopted to manage the above risks:

- no refunds can be made other than to the original payer
- refunds are only made using the original mode of payment as far as possible
- no cash is accepted in large quantities

2. YOUR RESPONSIBILITIES

It is not possible to give a definitive list of ways to spot money laundering. The following are types of risk factors which may, either alone or collectively, suggest the possibility of money laundering activity:

- A new customer, business partner or sponsor not known to the Chapter
- A customer from a country known to carry a high level of risk (such as a sanctioned country or a country with known high levels of financial fraud or corruption)
- A secretive person or business, for example, that refuses to provide requested information without a reasonable explanation
- A request to pay a substantial sum in cash to the Chapter
- Concerns about the honesty, integrity, identity or location of the people involved
- Involvement of an unconnected third party without a logical reason or explanation
- Overpayments for no apparent reason, and requests to pay the difference back to a third party
- Absence of any clear legitimate source for the funds received
- Significant changes in the size, nature, frequency of transactions with a customer that are without reasonable explanation
- Cancellation, reversal or requests for refunds of earlier transactions
- Requests for account details outside the normal course of business
- A history of poor business records, controls or inconsistent dealing

Who should I tell if I suspect Money laundering?

Organisations are required to appoint a nominated officer or Money Laundering Reporting Officer (MLRO) to be aware of any suspicious activity in the business that might be linked to money laundering or terrorist financing and, if necessary, to report it. The Nominated Officer atCarlisle Cathedral is the Chief Operating Officer.

Where you know or suspect that money laundering activity is taking or has taken place, or you become concerned that your involvement in a transaction may amount to a breach of the regulations, you must disclose this immediately to your Line Manager. If, in consultation with your Line Manager, reasonable suspicion is confirmed then a disclosure report must be made to the

MLRO. This disclosure should be completed the same day the information comes to your attention. If you do not do so, you may be personally liable to prosecution.

Your report should include as much detail as possible including:

- Full available details of the people and companies involved including yourself and other members of staff, if relevant
- Full details of transaction and nature of each person's involvement in the transaction
- Suspected type of money laundering activity with exact reasons as to why you are suspicious
- The dates of any transactions, where they were undertaken, how they were undertaken and the likely amount of money or assets involved
- Any other information that may help the MLRO judge the case for knowledge or suspicion of money laundering and to facilitate his or her report to the relevant authorities

Once you have reported your suspicions to the MLRO, you must follow any instructions provided.

You must not make any further enquires unless instructed to do so by the MLRO. At no time and under no circumstances should you voice any suspicions to the person(s) you suspect of money laundering.

If appropriate, the MLRO will refer the case to the UK authorities who will undertake any necessary investigation. This may include consent to continue with a particular transaction and care should be taken not to 'tip off' the individuals concerned, otherwise you may be committing a criminal offence.

What needs to be reported externally?

On receipt of a disclosure report, the MLRO will:

- note the date of receipt and acknowledge receipt of it
- assess and advise the individuals concerned when a response can be expected
- consider the report and any other relevant information, undertaking further enquires necessary to decide if a report should be made to the National Crime Agency (NCA).

Once the MLRO has evaluated the case, a timely determination will be made as to if:

- there is actual or suspected money laundering taking place
- there are reasonable grounds to know or suspect that is the case
- consent is required from NCA for a particular transaction to proceed

Where the MLRO concludes that the case should be disclosed to NCA, this needs to be done:

- in a timely manner
- in the prescribed manner on a standard report format provided by NCA

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for transactions to proceed and the disclosure report will be marked accordingly.

Where the MLRO considers a potential breach has taken place, the Chapter is obliged to report serious incidents. Details of the reporting to the NCA can be found at:

https://www.gov.uk/guidance/money-laundering-regulations-report-suspicious-activities

As normal with financial records, Chapter will keep copies of any reports for a period of seven years.

Due to the volume of cash passing through the Cathedral being low and the low risk profile this generates, no structured training will be offered to all staff. However, key staff will receive training. This decision will be kept under review if the risk profile alters.

Relevant members of staff within the Finance and Development office are familiar with this policy and the wider aspects of money laundering.

REVIEW OF THIS POLICY

- The policy will be reviewed at least every two years.
- Please refer to the ALL STAFF shared area within the Cathedral's IT system to view the most recent version. If you do not have access (e.g. café staff), please ask your Line Manager who will provide you with the most recent version of this policy.
- This policy will also be placed on the Cathedral website.

Re-adopted by Chapter: December 2024
Reviewed by the Finance Committee: June 2026
Re-adopted by Audit and Risk Committee: September 2026
Date of next review - 2028