
Anti-Money Laundering Prevention of Tax Evasion and Refusal of Donations Policy

UNRESTRICTED

This Policy was approved by the Board of Trustees on 1 December 2016 (and amended on 1 November 2018 and 17 June 2019) and will be reviewed not later than 2021.

1. Introduction

This Policy gives guidance on what British Museum trustees and staff are expected to do to ensure that the Museum fulfils its legal obligations to help counter tax evasion and money laundering. All charities, including museums, are at risk of being exploited by criminals and terrorists. Tax evasion is the dishonest avoidance of a legal liability to pay taxes. Money laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activity. There are legal obligations for reporting suspected money laundering and the suspected provision of support to terrorist organisations. Anyone who breaches these obligations could face criminal sanctions.

2. Vigilance and Checks

- 2.1. In order to be satisfied that donations (including, for example, gifts in kind or ex-gratia research grants) to the Museum are from a credible source the following questions should always be asked before acceptance about any unusual donation or offer of support, or any donation or offer of support over £25,000:
 - 2.1.1. What support is being proposed by the donor or sought by the Museum and how closely does it fit the Museum's requirements or aspiration?
 - 2.1.2. Who is the donor and does the donor have good standing?
 - 2.1.3. Does the source raise concerns (see 5.3)?
 - 2.1.4. What sort of terms is the donor wishing to impose?

- 2.1.5 What is the motive for the offer and what will be the effect of accepting it?
- 2.1.6 Is there an actual or potential risk of detriment to the Museum? If so, what is the extent of the risk and the likelihood of it materialising?

Heads of department should ensure that all staff receiving donations create a written record confirming that they have considered the above questions; that no suspicions of money laundering, tax evasion or other criminal activity arise; and that a copy of the record has been passed to the Development Operations Manager for entry into a centralised database of donations, entries on which shall be maintained for at least five years, in sufficient detail to verify that donated funds have been spent in a manner consistent with the purpose and objectives of the Museum.

2.2. Particular vigilance should be applied to:

- 2.2.1. Unsolicited donations offered at short notice or via an unknown third party;
- 2.2.2. Donations offered in the form of a loan;
- 2.2.3 Donors who ask for all or part of a donation to be returned at a later date;
- 2.2.4 Donations offered for a specific project where the donor insists that a particular third party is used as a partner or supplier on the project;
- 2.2.5 Donations offered conditional upon the donor having control over a revenue or investment benefit from the donation, such as a share of income generated by the donation or the transfer of surplus capital at the donor's behest;
- 2.2.6 Payments from any organisation (including partners in a research project) that are to be held in a Museum bank account for a period of time and then returned to the organisation or passed onto another organisation (known as conduit funding);
- 2.2.7. Donations that have unusual or disproportionate conditions attached;
- 2.2.8. Donations where there are grounds for reasonable suspicion that it represents the proceeds of crime, or is not legally or legitimately owned by the donor; and
- 2.2.9 Proposals that the Museum should make offers of financial support, or loans of property or facilities.

3. **Reporting**

- 3.1. Suspicions of criminal activity regarding any donation, grant, transfer of funds or contact with third parties should be reported to the appropriate head of department and the Director of Resources.
- 3.2. Heads of department and the Director of Resources will be responsible for assessing the risk of any matter reported and deciding whether or not to refer the matter to the Director or Deputy Directors. The Director or Deputy Directors will be responsible for determining whether any matter should be referred to the Trustees.
- 3.3. Any suspicion that any person or organisation is providing funds or support to a terrorist organisation should be reported to the Director of

Resources, who will consider whether to notify the relevant authorities, in consultation with the Director/Deputy Directors.

- 3.4 When making offers of financial or other support or services internationally a risk analysis should assess partner relationships and organisational integrity, financial transparency and accountability, project planning and monitoring and include appropriate risk controls and risk reduction measures. In geographical areas that are insecure or dangerous, the analysis should include the security context and an analysis of political authorities and informal power structures in the area.

4. Training and Advice

- 4.1 Staff in the Finance and Development departments and other staff likely to encounter money laundering or tax evasion will be provided with training.
- 4.2 Staff should contact the Museum's in-house legal team, Finance or Development for advice about due diligence on those individuals and organisations that give money to, receive money from or work closely with the Museum, so that they may have reasonable assurance about the provenance of funds; have confidence that they know the people and organisations the Museum works with; and be able to identify and manage associated risks.

5. Refusing Donations

- 5.1 Donations made in foreign currencies on condition that all or part of the principal sum should be returned to the donor in sterling should be refused, unless there is written approval from the Director.
- 5.2 Donations should be refused where satisfactory answers to investigations carried out, as outlined in 2.1 above, are not received.
- 5.3 Further to the principles set out in the Museum's Standards of Conduct policy, the Museum will not accept funds or gifts in kind in circumstances where:
- 5.3.1 The donation is made anonymously (other than through the collection boxes), through an intermediary who is not prepared to identify the donor to anyone at the Museum, without the consent of the Board; or
 - 5.3.2 The donor is believed to have acted illegally in the acquisition of funds, for example where funds are tainted because they may be the proceeds of crime; or
 - 5.3.3 The donor is not believed to have legal or legitimate ownership of the funds or gifts in kind offered to the Museum.
- 5.4 The Museum will consider whether to redirect or return donations subsequently found to have been accepted in breach of this Policy.
- 5.5 A decision to refuse any donation should be referred to the appropriate head of department and any exception to any of the principles set out in sections 2 or 5 must be approved by the Chairman and the Director.