

News story: Regulator warns charities against the use of cash couriers

The Charity Commission, the independent regulator of charities in England and Wales, is issuing this alert to charities as regulatory advice under section 15(2) of the Charities Act 2011 – it is particularly relevant for trustees of charities and charitable appeals which are operating overseas.

Following a number of recent cases involving the seizure of charitable funds held as cash by the police and officers of UK ports, the Charity Commission ('the Commission') has published this alert. The Commission has done this in collaboration with its partner S015 Counter Terrorism Command, Metropolitan Police Service ('S015'). This alert is being published so as to raise awareness amongst charities – including their trustees, employees and volunteers – of the risks regarding cash couriership.

Over the last 2 years S015 seized in the region of £4 million at ports under the Proceeds of Crime Act 2002 ('POCA') and the Terrorism Act 2000 ('TACT') and continue to be very active in the detection and seizure of illicit cash. These totals include a number of seizures of cash being carried by representatives of charities, and individuals claiming that cash was charitable; in recent months the Commission has received an increased number of enquiries from the police regarding individuals who have stated that they are carrying cash on behalf of a charity.

Michelle Russell, Director of Investigations, Monitoring and Enforcement, said:

The Commission has seen an increase in the number of charities having cash seized from their fundraisers, agents and representatives at the UK border. The effects of a cash seizure include the charities' beneficiaries losing out, an impact on the charities' activities and the loss of donor money – including the permanent loss of funds. The Commission's advice is simple: don't use cash couriers unless there is no other possible means of moving money – follow the regulatory advice issued today.

Commander Dean Haydon, S015 Counter Terrorism Command, Metropolitan Police Service said:

I welcome the Commission's alert – cash couriership is a high risk activity for any organisation or individual to undertake, and is a method known to be used by terrorists and criminals. My advice to all charities is to send money safely and not to use a cash courier; if you do there is a real risk that without proper documentation and a clear explanation of the source and destination of the cash, the cash will be seized by the police and ultimately

lost to the charity.

The Commission strongly advises charities against the use of cash couriership as a method to transfer charitable cash due to the risks involved. These include:

1. Cash couriership is known to be used by terrorist and criminal organisations to move money.
2. If the police or ports officers are not satisfied that the source or end use of the cash being couriersed can be accounted for it is likely to be seized under TACT or POCA. Cash seized can then be forfeited by the courts on successful application.
3. Even if, after cash has been seized, a charity manages to secure the return of the seized cash it will likely take a significant amount of time, inconvenience and cost, to a charity's detriment.
4. Carrying a significant amount of cash on their person is likely to make a cash courier a target for criminals, risking both the loss of a charity's cash, and the safety of the individual carrying the cash. Insurance to cover these risks would be essential but costly.
5. Cash couriership is difficult to audit and to have adequate records and evidence of expenditure.
6. There is no requirement for cash couriers to be registered as a Money Service Business with HMRC so there is less assurance about their quality and reliability.

The Commission recognises that charities which work or support activities internationally need to move money across international borders. Most countries have formal banking systems in place. Using formal banking systems is a prudent and responsible way to ensure that charity funds are safeguarded, and that there are appropriate audit trails of the sort which trustees must keep for the receipt and use of money. This is the case even if transferring funds through such channels incurs an administrative cost to the charity. The Commission's position is that formal banking systems should always be used where they exist as they provide the safest and most auditable means of transferring charitable funds. The Commission would remind trustees considering the use of a cash courier of their duty to account for their charity's income and expenditure by maintaining and preserving accounting records and to act prudently and responsibly to safeguard their charity's assets.

The Commission accepts that in exceptional circumstances, where other means

of transferring funds are not available, that cash couriership may be the only option available. In such circumstances, the Commission expects as a minimum that the trustees will have put in place the following safeguards:

1. Obtaining insurance in the event of loss of the cash being couriered – individual travel insurance may not provide adequate cover.
2. The cash courier carries documents evidencing the source and destination of the funds and their association with the charity.
3. Charity records such as trustee meeting minutes recording the trustees' decision to use a cash courier and a detailed risk assessment including the use of a cash courier, the particular context such as the country the cash will be transferred to, and the value of cash to be transferred in relation to the size of the charity's total income are maintained.
4. Ensure that cash being transferred with a value of €10,000 or above is declared to the authorities. This can now be done before you go, online at <https://www.gov.uk/bringing-cash-into-uk>. Alternatively, it must be declared at the port. Amounts of cash being carried under €10,000 can still be seized by the police or ports officers even though they legally do not have to be declared.
5. Contacted the police for advice as appropriate, including notifying the police in advance of plans to courier cash. S015 officers working at ports are available on 07775036444.
6. That the safety of the individual carrying the funds has been considered, assessed and managed.
7. When using an agent or partner ensure that appropriate due diligence is carried out on the cash courier, and that reasonable steps are taken to safeguard the money. As a minimum, we would expect trustees to have agreed in writing what is expected from the agent, how much money is being carried and in what currency, when it is to arrive by, and who it is to be paid to and how at the end destination. This should be in place and agreed before the money is handed over. The Commission produces a template [Cash Courier agreement form](#).

Reporting concerns to the Commission

The Commission expects trustees to ensure that any loss or seizure of their charity's cash is reported to it under the Commission's [Serious Incident Reporting framework](#).

In summary, the Commission's regulatory advice for charity trustees is:

- do not use cash couriers; they should only be used if there are exceptional reasons for doing so
- promptly report any loss or seizures of charity cash to the Commission as a [Serious Incident](#)
- if cash couriers are used the trustees must have clearly recorded their decision making and completed a thorough, documented, risk assessment, and have an agreement in place with the cash courier
- if you use a cash courier you must have clear documentation about the origin and destination of the cash or risk it being seized by the police or ports officers