



GROUP ANTI-MONEY LAUNDERING POLICY

POLICY IMPLEMENTATION CHECKLIST	
Policy Guardian:	Business Services Director
Author:	Business Services Officer
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Full EIA complete:	n/a
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1. Introduction

- 1.1 The Caledonia Housing Association Group (“the Group”) is committed to the prevention, detection and reporting of money laundering. This policy sets out the general approach it will adopt in furtherance of this.
- 1.2 The Group recognises that money laundering risks are closely related to risks of other financial crime, including fraud and bribery. It operates separate policies that deal with these discrete issues.

2. Definition

- 2.1 Money laundering is defined as the process by which criminally obtained money or assets are exchanged for ‘clean’ money or assets with no obvious link to their criminal origins. Such criminal property can typically be derived from drugs trafficking, corruption, tax evasion, or theft. It also covers money, however come by, which is used to fund terrorism.

3. Legislative Context

- 3.1 Money laundering is covered by the Proceeds of Crime Act 2002 (POCA); the Terrorism Act 2000 and in detail by the Money Laundering Regulations 2007 (MLR). POCA identifies money laundering offences as:
 - Concealing, disguising, converting, transferring or removing criminal property from the UK;
 - Entering into or becoming involved in an arrangement which facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
 - Acquiring, using and or possessing criminal property;
 - Failure to disclose knowledge or suspicion of money laundering;
 - ‘Tipping off’ any person that such a disclosure has been made.
- 3.2 The MLR requires ‘relevant businesses’ to put anti-money laundering systems in place for the purpose of identifying and preventing money laundering and reporting any suspicious activity. Such businesses include financial and credit institutions; companies such as law firms providing Trust or Company Services (to third parties); accountants; auditors; and estate agents. They also include businesses classed as High Value Dealers, which are prepared to accept high value payments of more than €15,000 in cash for goods.
- 3.3 ‘Relevant businesses’ are obliged to register with a designated supervisory authority, such as the Financial Conduct Authority or Her Majesty’s Revenue and Customs, as determined by the nature of their activities.

4. Statement of Intent

- 4.1 The Group asserts that it does not carry out any of the regulated activities ‘by way of business’ and as such is not deemed, in the terms of the MLR, as being a ‘relevant business’. Notwithstanding this, in recognition of its range of potential income sources and business transactions, it acknowledges the potential for the organisation and staff being exposed to attempted money laundering; and the offences detailed under the POCA.

- 4.2 The Group shall therefore maintain relevant anti-money laundering practices with a view to safeguarding its interests and those of staff. These practices will recognise the MLR and relevant guidance provided by the supervisory authorities.
- 4.3 The MLR introduces a risk based approach suggesting businesses should identify the likelihood of them being used to launder money and develop systems that are proportionate to this level of risk. They further require the implementation of five key actions. The Group recognises the appropriateness of these actions and shall base its systems on these. Specifically it shall:
- i) Have operational procedures to anticipate and prevent money laundering
 - ii) Ensure all staff members receive relevant training on these operational procedures
 - iii) Appoint a Nominated Officer
 - iv) Implement identity checking and due diligence procedures:
 - v) Keep records

The following sections provide further detail on fulfilment of each of these actions.

5. Anticipating and Preventing Money Laundering

- 5.1 Instances of suspected money laundering are likely to be rare given the nature of the services provided by the Group. If they do occur however, such instances can have serious implications for the Group and the individuals involved. In adopting a risk based approach, the Group aims to ensure identified risks can be effectively managed; and that there is no undue impact on its ability to deliver efficient frontline services or maintain positive customer relationships.
- 5.2 It is not possible to give a definitive list of ways to identify potential money laundering or guidance on how to decide whether to report suspicious activities. Risk factors that, either alone or collectively, might suggest the possibility of money laundering activity could include:
- A new customer seeking to procure assets or services from the Group.
 - A secretive person or business that, for example, refuses to provide requested information without a reasonable explanation.
 - Payment of any substantial sum in cash.
 - 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.
 - Absence of any legitimate source for the funds received.
 - Significant changes in the size, nature, frequency of transactions with a customer that is 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.
- 5.3 Staff will be advised on checks and control measures relevant to their own areas of work, and how these should be implemented.

6. Staff Training

- 6.1 The Group shall ensure that all staff members have a basic understanding of what money laundering is; and how potential attempts at money laundering might be identified, including the type of activities that might raise suspicion. Staff will be advised of their individual responsibility to be vigilant to attempts to launder money through the Group; their responsibility to report any suspected or actual attempts; and the procedures for doing so. **Appendix 1** details the relevant Disclosure and Reporting procedures. The need to provide more extensive targeted training to staff most likely to encounter money laundering will be periodically considered; and in particular in conjunction with any review of risk or changes to operational procedures.

7. The Nominated Officer

- 7.1 All internal disclosures of suspected money laundering shall be reported to, and considered and recorded by the Finance Director, who will fulfil the role of Money Laundering Nominated Officer (MLNO). In the absence of the Finance Director, the Business Services Director will fulfil the role of MLNO. The MLNO shall be responsible for making suspicious activity reports (SAR) to the National Crime Agency (NCA) in the event that this action is required. **Appendix 1** contains further information on the role of the MLNO in relation to this.

8. Identity Checking and Due Diligence

- 8.1 In the context of Group activities, those most likely to raise suspicion of potential money laundering include attempts to offer substantial sums of money towards rent arrears or make significant overpayments into a rent account; other debtors offering large amounts of cash to settle accounts; or requests to pay cash for the acquisition of any sizeable assets being disposed of by the Group.
- 8.2 As a general rule, no payment to the Group will be accepted in cash (including notes, coins or travellers cheques) if it exceeds £5000. Such occurrences are likely to be extremely rare, and will normally trigger the requirement to report suspicious activity to the MLNO.
- 8.3 Where the amounts of cash involved in an attempted transaction are lower than this, but might nonetheless be considered substantial in nature, appropriate steps shall be taken to verify the identity of the individual making the payment and the source of the funds. The context and circumstances of the attempted transaction will determine whether the payments are deemed 'substantial.' Considerations can include for example, whether the payment or payments represent a sudden change in customer behaviour; or whether a previously unknown third party is offering to make payment or payments on behalf of the customer.
- 8.4 Various documents including passport or photo driving licence; utility or household bills for electricity, gas or council tax; building society or bank statements; credit card statements; payslips; pension or benefit books will be accepted for the purpose of verifying identity. It will normally be appropriate to request more than one form of identification. Where a third party is offering to pay on behalf of a customer it may additionally be appropriate to request that they prove their relationship to the customer.
- 8.5 A payslip or bank statement can also be used to verify the source of funds. It may also be appropriate to ask questions to help establish the credibility of the source and ask for a signed written declaration. In instances where the Group is disposing of assets, the purchaser will be asked to sign a declaration that they are using legitimate funds, in addition to proving their identity.

8.6 In undertaking due diligence and identity checks, due regard will be given to data protection principles.

9. Record Keeping

9.1 Details of cash transactions shall be retained for six years, in accordance with the Group Document Retention Schedule. This Schedule is appended to the Group Data Protection Procedures. Information obtained in verifying the identity of individuals making significant cash payments will also be held for the same period.

10. Roles and Responsibilities

Management Board

10.1 The Board is responsible for ensuring the Group:

- operates an anti-money laundering culture;
- maintains effective risk management and internal control systems;
- has relevant policies and systems in place to deter, detect and report suspected money laundering;
- maintains appropriate procedures that ensure reported incidents of suspected money laundering are promptly addressed; and appropriate action taken.

Cordale Committee of Management

10.2 The Cordale Committee will similarly ensure the responsibilities at 10.1 are fulfilled in relation to the activities of Cordale Housing Association.

Group Audit Committee

10.3 As detailed within its terms of reference, the Group Audit Committee's role extends across the Group and includes:

- monitoring and reviewing the effectiveness of internal, including financial, controls and risk management systems;
- reviewing internal audit reports;
- reviewing findings of external audit;
- monitoring and reviewing the effectiveness of internal audit activities.

Executive Management Team (EMT)

10.4 EMT has collective responsibility for:

- developing and maintaining effective policies, procedures and control systems for deterring, detecting and reporting suspected money laundering; and ensuring these are both working effectively, and periodically reviewed in accordance with good practice;
- ensuring the Board and Cordale Committee of Management has up to date and accurate information on legal provisions and regulatory requirements in relation to governance and financial management, governance good practice and expected standards of conduct;

- fostering a culture of honesty and openness amongst all staff, and ensuring staff are aware of expectations relating to their professional conduct and the requirements of this policy;
- ensuring all staff have the required level of knowledge and understanding of the range of Group policies, procedures and systems that are relevant to anti-money laundering;
- implementing any relevant operational anti-money laundering measures;
- ensuring staff receive appropriate training that enables them to identify suspected money laundering;
- ensuring all relevant legal obligations relating to disclosure and reporting of suspected money laundering are fulfilled.

10.5 As noted in 7.1, and detailed in **Appendix 1**, the Finance Director (and as necessary the Business Services Director), has a specific role as MLNO in relation to disclosure and reporting of suspected money laundering.

All Staff

10.6 The prevention, detection and reporting of money laundering and other acts of financial crime is the responsibility of all staff members. Employees are required to ensure they read, understand and comply with this policy, and remain vigilant to attempted money laundering. **It is extremely important that all staff are familiar with their legal responsibilities. Serious criminal sanctions can be imposed for breaches of the legislation.** In particular, employees must:

- report as soon as possible any suspicions of money laundering to the MLNO; and otherwise,
- act with integrity and propriety, within the law, and in accordance with relevant policies, systems and procedures.

11. Monitoring and Review

11.1 The Group shall periodically review its anti-money laundering systems to ensure they continue to be appropriate to its activities and proportionate to identified risk. As a minimum the Finance Director shall ensure all staff members have been provided with a reminder of the key provisions of this Policy on a bi-annual basis. This Policy shall be subject to review every three years or sooner if it is affected by legislative or other significant changes. A review of relevant operational procedures, and any associated training requirements, will be carried out to co-incide with the policy review.

12. Related Policies

- [Group Anti-Bribery Policy](#)
- [Group Anti-Fraud Policy](#)
- [Group Staff Code of Conduct](#)
- [Group Treasury Management Policy](#)
- [Risk Management Policy](#)
- [Group Financial Regulations](#)

APPENDIX 1 - DISCLOSURE AND REPORTING PROCEDURES

A) Reporting to the Money Laundering Nominated Officer

- i) Any staff member suspecting money laundering activity, or who has concerns that their involvement in a matter may amount to a prohibited act under the POCA (as outlined in paragraph 3.1 in the Policy), must report their suspicions, without delay, to the MLNO.
- ii) Staff should be aware that in the event this disclosure is not made promptly (i.e. within hours of the information coming to their attention) they place themselves at risk of possible prosecution.
- iii) The staff member should provide the MLNO with as much information as possible, in writing, about their suspicions. **Appendix 2** contains a form that should be used for this purpose. This prompts for the following information:
 - Details of the people involved and the nature of their involvement
 - Details of the types of activity giving rise to suspicion and where they took place
 - Whether transactions have happened, are ongoing or are imminent, and how they were undertaken or are proposed.
 - The amount of money / or value of assets involved.
 - The exact reasons for suspicions arising.
- iv) The completed form can be emailed, posted or hand delivered to the MLNO. If posting or hand delivering the form, it should be in a sealed envelope marked "Confidential." Notwithstanding this, staff should take relevant steps to verify that the MLNO has received the form.
- v) Once the matter is reported to the MLNO, employees must follow any directions given by them.
- vi) **Employees must NOT:**
 - **Make any further enquiries into the matter themselves.**
 - **Under any circumstances voice or otherwise indicate their suspicions to the person(s) suspected of money laundering.**
 - **Record any details about the matter or their suspicions on customer or client records, including electronic and paper files. (This may potentially lead to a "tipping off" offence in the event that the subject requests access to their file under data protection provisions).**
 - **Discuss the matter with any other colleagues.**

B) Actions Required by the Money Laundering Nominated Officer

- i) Upon receipt of a disclosure of suspected money laundering activity, the MLNO will:
 - Acknowledge receipt of the disclosure information and advise the employee of the subsequent process to be followed.

- Keep the appropriate records in a confidential manner. These must be kept separate from any other records or files held in relation to the individual(s) under suspicion. This will mitigate the potential risk of “tipping off” occurring.
 - Consider the report and any other information supplied in order to establish an understanding of the facts and circumstances.
 - Gather any other available internal information necessary in order to come to an informed view on whether a (SAR) to the NCA is likely to be required. During this process the MLNO may require to review transaction patterns and volumes; the length of any business relationship involved; and any identification evidence held. They may also need to discuss the report with the employee.
 - They will normally bring the matter to the attention of, and consult with, the Chief Executive at this stage. The MLNO in conjunction with the Chief Executive will bring the matter to the attention of the Group Audit Committee Chair.
- ii) The MLNO should normally seek appropriate legal advice prior to arriving at a decision on the course of action to be taken. In the event that a SAR to the NCA is required, they will also normally seek legal assistance in undertaking this task. Notwithstanding this, the MLNO remains responsible for ensuring a SAR is submitted to the NCA promptly. The MLNO will thereafter act as the point of contact with the NCA as necessary, and ensure it has all the information it requires for any subsequent investigation. The MLNO will ensure the Chief Executive and Group Audit Committee Chair are kept informed of any developments in this regard.
- iii) The MLNO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.
- iv) Irrespective of whether it is established that money laundering activity has taken place, the MLNO should identify whether the reported incident gives cause to review any operating procedures, staff training requirements or the risks attached to certain activities. They will normally agree any required actions in consultation with Chief Executive and other members of EMT as necessary.

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REPORT TO MONEY LAUNDERING NOMINATED OFFICER
- SUSPECTED MONEY LAUNDERING ACTIVITY

From (Name):	
Directorate:	
Location:	
Contact telephone numbers:	
Any other relevant information (e.g. days / hours of work / shift pattern etc.)	

DETAILS OF SUSPECTED OFFENCE		
Name of person(s) involved		
Address(es) of person(s) involved		
Nature of activity involved (what, where and when):		
Value of activity (money / assets)		
Description of suspicions:		
Any other relevant information:		
<p>NOTE: Completed Forms Should Be Emailed, Posted or Hand delivered to Ron Hunter, Finance Director, 118 Strathern Road, Broughty Ferry / ron.hunter@caledoniaha.co.uk. 01382 484502. PLEASE CHECK IT HAS BEEN RECEIVED. DO NOT DISCUSS THIS MATTER WITH ANY OTHER MEMBER OF STAFF.</p>		

SIGNED:

DATE:

RECEIVED:	(MLNO)	DATE:
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