

Anti-Money Laundering Policy

Version Control						
Version	Date drafted	Date approved	Approved by	Date reviewed	Next review date	Owner
Final	28/09/2020	28/09/2020	Board	N/A	28/09/2021	Finance Director
2022 review			Board	13/11/2022	13/11/2023	Finance Director
2023 review			Board	23/10/2023	23/10/2024	Finance Director
2024 review			ARC	22/10/2024	22/10/2026	Finance Director

1. Background

- 1.1. Westmoreland Supported Housing Limited (WSHL) is committed to honesty, openness and accountability in the conduct of all business activities. WSHL is aware that fraud, corruption and the dangers of money laundering can undermine its reputation and impact upon the standards of service that it provides and may reduce the resources available for service delivery.
- 1.2. While WSHL does not carry out “regulated activities” as defined by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (hereafter, the Money Laundering Regulations 2017), the Board recognises that there are substantial money laundering risks associated with housing management, and so the Board has adopted an Anti-Money Laundering Policy that assumes all of the Regulations apply.
- 1.3. The purpose of this Policy is to ensure that WSHL meets the legal requirements in regard to Money Laundering activity as outlined in the Money Laundering Regulations 2017, the Proceeds of Crime Act 2002 and the Serious Crime Act 2015. The main provisions of the legislation are set out below.

2. Money Laundering Regulations 2017

- 2.1. The regulations apply to any person or organisation that conducts various regulated activities, and requires any such person or organisation to:
 - Assess the risks posed to the business of money laundering activity
 - Carry out appropriate ‘customer due diligence’ including verifying the identity of customers on the basis of documents obtained from a reliable and independent source, on a risk-based approach
 - Check the identity of ‘beneficial owners’ (person or body who has a controlling interest) in financial transactions
 - Conduct ongoing monitoring of financial transactions (i.e. not just at the start of a financial transaction)
 - Inform the National Crime Agency (NCA) of any suspicious activity using the Suspicious Activity Reporting (SAR) procedures

- Have in place a Money Laundering Reporting Officer (MLRO) and easily accessible mechanisms for reporting concerns internally
- Keep records relating to financial transactions and due diligence (in line with document retention schedules)
- Provide training on money laundering to all employees that require it
- Regularly review its anti-money laundering policy and associated procedures

2.2. Housing Associations would ordinarily fall outside of the scope of the regulations unless they provide specific lending activities under the Consumer Credit Licence legislation or conduct estate agency work as defined in the Estate Agents Act 1979.

2.3. WSHL does not carry out any business in either of these areas, and so is technically not required to follow the regulations. However, given the money laundering risks that are inherent in housing management, WSHL has elected to adopt the requirements detailed above as if it were conducting a regulated activity.

3. The Proceeds of Crime Act (POCA) 2002

3.1. The Act states that a person commits an offence if they:

- Conceal, disguise, convert or transfer criminal property or remove it from England and Wales, Scotland or Northern Ireland
- Enter into or become concerned in an arrangement which he or she knows, or suspects facilitates the acquisition, retention, use or control of criminal property
- Acquire, use or have possession of criminal property

3.2. The Act also requires a person or organisation that conducts one of the regulated activities detailed in the Money Laundering Regulations 2017 to report any suspicious activity it comes across through its business activities, with failure to disclose actual or suspected money laundering a criminal offence in its own right.

3.3. While WSHL does not carry out any of the regulated activities, it nevertheless understands the basic requirements of the Act and its links to the Money Laundering Regulations 2017. As WSHL has elected to adopt the requirements of the Money Laundering Regulations 2017, it deems itself to also be bound by the requirements of this Act.

4. The Serious Crime Act 2015

4.1. The Act makes an addition to the POCA to the effect that a person making a disclosure of money laundering, via a Suspicious Activity Report in good faith, is protected from civil liability.

4.2. The Act also creates an offence of participating in the activities of an organised crime group, where three or more people assist or are participatory in any conspiracy to commit a fraud.

- 4.3. It should be noted that breach of the POCA and Serious Crime Act is a serious criminal offence and - if successfully prosecuted – an organisation could be subject to unlimited fines and individuals may be subject to robust sentencing powers of up to ten years imprisonment.
- 4.4. Breach of the Money Laundering Regulations may lead to imprisonment or fines or both.
- 4.5. As WSHL does not conduct regulated activities, the risks associated with breaching the various Acts are not wholly relevant; however, WSHL considers them as if they were and would act accordingly at all times.
- 4.6. In addition to electing to comply with the above legislation, the application of this Policy ensures compliance with the outcomes of the Regulatory Framework for Social Housing in England adopted by the Regulator for Social Housing as outlined below:

5. Governance

- 5.1. Registered providers shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. Governance arrangements shall ensure registered providers:
 - adhere to all relevant law;
 - comply with their governing documents and all regulatory requirements;
 - are accountable to tenants, the regulator and relevant stakeholders;
 - safeguard taxpayers' interests and the reputation of the sector;
 - have an effective risk management and internal controls assurance framework; and
 - protect social housing assets.

6. Financial Viability

- 6.1. Registered providers shall manage their resources effectively to ensure their viability is maintained while ensuring that social housing assets are not put at undue risk.

7. Statement of Intent

- 7.1. WSHL is committed to combating all forms of money laundering, whether these are attempted from within or are external to the organisation.
- 7.2. The WSHL Board will produce a Statement of Internal Controls which will be made widely available through internal communications and on the website for external customers, outlining its commitment to a zero-tolerance approach to money laundering.
- 7.3. The WSHL Board is responsible in its own right for ensuring money laundering controls are in place.

- 7.4. WSHL will ensure that the risks from money laundering are constantly reviewed and the appropriate and proportionate mitigation measures are in place. To this effect money laundering will as appropriate be included on the Risk Register and regularly reviewed by the Board
- 7.5. WSHL's Board will also review the operation of the Anti-Money Laundering Policy on an annual basis to ensure its continuing effectiveness and appropriateness.
- 7.6. WSHL will appoint a Money Laundering Reporting Officer (MLRO). This role will ordinarily be assigned to the Finance Director.
- 7.7. The MLRO will maintain a register of any SAR's made for money laundering, including those that upon investigation are deemed to be unfounded. Regular reports of allegations made and actions taken will be provided to the Board, External Audit and Regulatory Bodies as required, but only to the extent that such disclosures would not prejudice any money laundering investigation that could arise.
- 7.8. Under no circumstances will the MLRO disclose to any individual within WSHL or externally whether an SAR has been submitted or not in respect of a particular allegation.
- 7.9. WSHL encourages the open reporting from employees, all associated persons and those outside the organisation of money laundering by a variety of means, including:
 - Direct personal communication with any WSHL employee that has management responsibility
 - In writing or via e-mail to senior designated officers as outlined in WSHL's Fraud Policy
 - Via use of a third party or intermediary
 - Confidentially as outlined in WSHL's Whistleblowing Policy
- 7.10. All received allegations of money laundering will be investigated. Upon receipt of an allegation those with designated responsibility will be immediately informed and will take a decision on the most appropriate course of action including internal investigation or referral to an external investigation agency.
- 7.11. Through the induction process, WSHL will ensure all new employees are made aware of the zero-tolerance stance and response to fraud, corruption and money laundering, including the possibility of disciplinary or criminal proceedings for anyone found to be responsible for this type of behaviour or act.
- 7.12. WSHL will ensure all employees that have responsibility for internal investigation of fraud, corruption and money laundering have appropriate authority and training to be able to carry out their roles effectively.
- 7.13. WSHL will have in place appropriate insurance provision to combat and protect against the consequences of fraud and corruption.

- 7.14. WSHL will fully comply with any investigations undertaken by the Serious Fraud Office or National Crime Agency. WSHL will also co-operate and maintain working relationships with local agencies in the areas it operates that may be involved in preventing and investigating fraud, corruption or money laundering including Police and Housing Benefit Teams.

8. Anti-Money Laundering Policy

- 8.1. In the context of this Policy 'money laundering' can be the process by which the true source and ownership of the proceeds of crime is changed so that they appear to come from a legitimate source. Illustrative examples of the warning signs for money laundering include:

- Transactions which are not at arm's length
- Transactions which are not between independent parties
- Full or part payments of large transactions in cash
- Undertaking customer due diligence proves difficult or there is reluctance on behalf of the customer for these checks to be completed
- Customers and counterparties are unable or reluctant to provide information about the source of their funds of funds when requested
- Sudden improvement in financial position without explanation
- Introduction of unknown parties at a late stage in the transactions
- Submission of suspiciously low tenders in competitive tendering exercises

- 8.2. In respect of money laundering, WSHL will ensure that employees raising concerns only do so where there is 'reasonable suspicion' based on facts or circumstances and do not unduly refuse to process transactions or act in ways that could be construed as 'tipping off' or prejudging an investigation.

- 8.3. Where any suspicions are raised, normal procedure would be for employees to report the concern to the MLRO who will in turn submit an SAR, and may also seek advice from the Regulator of Social Housing (RSH), although for the purposes of reporting Money Laundering, it should be noted that the RSH is not a regulating body.

- 8.4. This would apply unless, the employee suspected the MLRO was involved, in which case the report should be made direct to the National Crime Agency. Again, the employee may also seek advice from the Regulator of Social Housing.

- 8.5. Certain employees and/or Board Members may have additional knowledge of the reporting requirements, particularly those that have previously worked in regulated industries such as accountancy or law. The MLRO and other employees may also wish to seek out advice from these sources, so long as they do not believe the person themselves to be involved.

9. Training

- 9.1. WSHL will ensure that all named Officers within the Anti-Money Laundering Policy receive appropriate training to be able to carry out their duties effectively. The training will ensure the named officers have:

- An understanding of the legal position in regard to fraud, corruption, bribery and money laundering
- An understanding of when to escalate investigations to external agencies or when it is most appropriate for external agencies to carry out investigations
- An understanding of the possible sanctions and disciplinary procedures that would apply to WSHL employees found to be responsible for fraud or corruption (in line with the Employee Handbook and governance documents) or who make malicious or repeated allegations that are unfounded

9.2. WSHL will also ensure all employees, Board Members, and Directors are aware of their responsibilities in regards to fraud, corruption and money laundering through the induction programme, refresher training and through publication of the Statement of Internal Controls annually. The training and information provided will include an overview of WSHL's culture in regards to money laundering as follows:

- Re-enforcement of the zero-tolerance approach to all forms of money laundering
- Illustrative examples of behaviours and actions that could constitute money laundering
- Mechanisms of how to report allegations including confidential reporting
- Possible consequences if individuals are found to be responsible for fraud, corruption or money laundering including disciplinary measures, civil or criminal proceedings

9.3. All Board Members will confirm their responsibility for safeguarding WSHL's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities as part of WSHL's published annual financial statements.

10. Performance

10.1. A report will be provided quarterly to the WSHL Board for all actions taken in the investigation of any fraud, corruption or money laundering allegations that are made.

11. Review

11.1. The Anti-Money Laundering Policy will be reviewed every two years.

11.2. The review process will ensure its continuing suitability, adequacy and effectiveness or as required by the introduction of new legislation or regulation that impacts on WSHL's obligations in regard to fraud or corruption, changes to WSHL business practices or in the light of management system audits.