



**Anti – Money
Laundering Policy**

2022-2025

Anti-Money Laundering Policy

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Brief Policy Summary:

Lincolnshire Housing Partnership Limited (LHP) is committed to the prevention of LHP exposure to money laundering activities, this policy sets out LHP's approach to preventing and mitigating the risks of money laundering in its activities, and where instances occur to have clear investigation plan and processes to comply with the relevant legislation.

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1. INTRODUCTION

- 1.1. The purpose of this Policy is to outline how Lincolnshire Housing Partnership (LHP) will prevent criminal activity through money laundering. The policy sets out the principles which must be followed, all of which apply to the Board and Committee members and employees at all levels. LHP is committed to ethical standards of business conduct and adopts a zero-tolerance approach to financial misconduct, including money laundering.
- 1.2. . The principal pieces of UK legislation covering anti-money laundering and counter-financing of terrorism:
 - Proceeds of Crime Act 2002
 - Terrorism Act 2000
 - Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ('the Money Laundering Regulations 2017) as amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019

2. WHAT IS MONEY LAUNDERING?

- 2.1. Money laundering includes all forms of handling or possessing criminal property and facilitating any handling or possession of criminal property. Criminal property may take any form, including money or money's worth, securities, tangible property, and intangible property. Money laundering is also taken to encompass activities relating to terrorist financing as well as proceeds from terrorism.
- 2.2. The purpose of money laundering is to hide the origin of the criminal sourced money so that it appears to have come from a legitimate source. No organisation is safe from the threat of money laundering, particularly where it is receiving funds from sources where the identity of the payer is unknown. LHP may be targeted by criminals wishing to launder the proceeds of crime.
- 2.3. In addition, it is possible that the proceeds of crime may be received from individuals or organisations that do not realise that they are committing an offence. It is no defence for the payer or the recipient to claim that they did not know that they were committing an offence if they should have been aware of the origin of the funds.
- 2.4. All staff dealing with the receipt of funds or having contact with third parties must, therefore, be aware of this Policy.

3. CONSEQUENCES OF FAILING TO IDENTIFY MONEY LAUNDERING

- 3.1. Failing to identify instances of money laundering, and making the appropriate reports, are serious offences. Individuals can be personally liable to prosecution.

Proceeds of Crime Act 2002

- 3.2 Under the Act you may be guilty of an offence if you help an individual to launder funds from a criminal source. If you know or suspect that the funds may be from a criminal source you must make the appropriate disclosure, or you may receive a fine and/or imprisonment for up to 14 years. The Act relates to **all** organisations and sectors.

Money Laundering Regulations 2019

- 3.3 The Regulations make important amendments to the existing Money Laundering, Terrorist financing and Transfer of Funds (Information on the payer) Regulations 2017. They implement the EU fifth anti-money laundering Directive. They contain rules for how various businesses and professionals must operate. The Regulations primarily relate to “regulated” sectors. Some activities within the housing sector can fall as regulated activities. Regardless of that, current recognised ‘good practice’ advises that RPs apply the key principles of the Regulations in any event. Failure to report money laundering or failure to have adequate policies in place to minimise the risk of money laundering, may call into question the integrity of LHP, and could constitute an offence. Regulated activities are:
- Most UK financial firms (banks, building societies, money transmitters, bureaux de change, cheque cashers, savings, and investment firms).
 - Legal Professionals (when undertaking some activities).
 - Accountants, tax advisors, auditors, insolvency practitioners.
 - Estate Agents.
 - Casinos.
 - High value dealers when dealing in goods worth over 15,000 Euro (approximately £10,000); and
 - Trust or company service providers.

Terrorist financing legislation

- 3.4 Whereas money laundering is concerned with the process of concealing the illegal origin of the proceeds from crime, terrorist financing is concerned with the collection or provision of funds for terrorist purposes. The primary goal of terrorist financiers is to hide the funding activity and the financial channels they use. The source of the funds concerned is immaterial, and it is the purpose for which the funds are intended that is crucial.
- 3.5 Section 15 to 18 Terrorism Act 2000 create offences, punishable by up to 14 years imprisonment of:
- Raising, possessing or using funds for terrorist purposes.
 - Becoming involved in an arrangement to make funds available for the purposes of terrorism.

4. Facilitating the laundering of terrorist money (by concealment, removal, transfer or in any other way). IMPLEMENTING THE REGULATIONS

4.1 Regardless whether activities are regulated or not it is good practice to ensure:

- Systems and procedures in place to prevent money laundering.
- Staff are made aware of the procedures and systems.
- Staff are trained in how to recognise and deal with transactions which may be related to money laundering.
- All third parties dealing with LHP who fall within certain criteria are properly identified.
- Identification and transaction records are maintained.
- A record of identification for all persons engaged in business must be retained for a period of five years after the end of that business relationship; and
- A Money Laundering Reporting Officer is appointed.

5. YOUR RESPONSIBILITIES AS AN EMPLOYEE

5.1. Your responsibilities as an employee in relation to preventing money laundering are as follows:

- To be alert to where LHP may be targeted by individuals trying to launder the proceeds of crime.
- To avoid alerting anyone dealing with LHP that you have a suspicion that they may be attempting to launder, or have laundered, the proceeds of crime; and
- c) To report any suspicions of money laundering to the organisations Money Laundering Compliance Officer (MLCO) using the specified forms.

5.2. It is not an employee's responsibility to decide whether a suspicious transaction actually constitutes money laundering. **If you have any suspicions that a transaction may involve laundering the proceeds of crime, then you must report it to the MLCO.**

6. IDENTIFYING SUSPICIOUS TRANSACTIONS

6.1. It is not possible to provide an exhaustive list of the ways to spot money laundering or state every situation in which you should be suspicious. It will very much depend on the circumstances.

6.2. However, in providing guidance the National Crime Agency (NCA) has produced a list of possible 'indicators of suspicion' for money laundering activity:

- Is the person's behaviour unusual in the circumstances?

- Has the person refused to supply any form of identification and if so, why?
 - Is the activity unusual in itself?
 - Is the activity unusual for the customer?
 - Do I have other knowledge which leads me to believe the customer or activity is criminal?
 - Money is paid by a third party with no link to the transaction
- 6.3. Examples relevant to LHP activity, in which money laundering could be taking place:
- A purchase of a property pulls out unexpectedly when asked for ID
 - A customer presses for completion of business before necessary checks taken
 - Overpayments or duplicate payments made by a customer followed by a refund, or a request for a refund.
 - Right to Buy property sold before expiry of discount period.
 - Purchase of assets, land and buildings re-sold within 3-12 months.

7. IDENTIFICATION ISSUES & CUSTOMER DUE DILIGENCE

- 7.1. It would be difficult for LHP to identify all the people with whom it has business dealings. However, it is important to identify individuals and organisations where there may be a higher risk of receiving the proceeds of crime. It should be noted that this Policy not only refers to one off transactions but could relate to a series of transactions including:
- Cheque/credit card payments.
 - BACS transfers; and/or
 - Direct Debit/Standing Order payments.
- 7.2. Customer due diligence means taking steps to identify the customer and checking they are who they say they are. Some of the best means of verifying a person's identify are identify are obtaining two if the following:
- Current full signed Passport.
 - Resident Permit issued to EU nationals by Home Office.
 - Current UK/EU Photo Driving Licence.
- 7.3. In addition to the name/names used and date of birth where this is available, it is important that the current permanent address should be verified as it is an integral part of identity using different items to verify the individual.
- 7.4. Obtaining identification from partner and/or franchise organisations can be difficult; therefore, LHP should take care when entering into any new

agreements to ensure that adequate identification, including knowledge of the owner(s) of the business, is obtained.

- 7.5. For companies, it is useful to obtain a Companies House Search to identify who the Directors are. Personal identification should then be obtained for the representatives of the company together with proof of their authority to act on behalf of the company. Care should be taken if it becomes clear that the individual has only recently become a Director of the company or if there has been a recent change in the registered office.
- 7.6. For any other type of organisation (for example, a sole trader or partnership) personal identification should be obtained for the individuals together with documents indicating their relationship to the organisation.
- 7.7. Copies of any evidence provided in support of the identification of an individual or organisation should be kept on a central file so that it can be referred to later if necessary.

8. CASH BASED BUSINESSES

- 8.1. LHP is no longer a cash-based businesses, however cash-based businesses are ideal vehicles for money laundering Where you are dealing with a business which deals in cash on a regular basis you must be aware that there is a higher chance that the business bank account may have been used to launder the proceeds of crime. There are two reasons for this:

9. CONCERNS RECEIVED

- 9.1. If LHP receives a complaint that criminal activity may be taking place and may be generating funds, then LHP is in receipt of information which may require disclosure to the NCA.
- 9.2. The criminal activity could involve:
 - Terrorist activity.
 - Tax evasion.
 - Employing undocumented immigrants or assisting in their trafficking.
 - Employing individuals who are known to be illegally claiming benefits.
 - Any form of fraudulent activity.
 - Dealing in drugs or other illegal substances.
 - Dealing in “bootleg” alcohol and cigarettes.
 - Dealing in illegal pornographic material; and
 - Prostitution, protection schemes or counterfeiting.
- 9.3. This list is not exhaustive, and disclosure must be made of any instances of criminal activity that may result in a financial gain or the financing of terrorist activity. The internal disclosure form should be prepared and

passed to the MLCO as soon as possible after receiving the information giving rise to your suspicion.

10. MONEY LAUNDERING REPORTING OFFICER (MLRO)

- 10.1. The role of the MLRO is to formulate and implement the Policy. Any potential breaches or deviations from the Policy should therefore be reported to the MLRO immediately you become aware of them.
- 10.2. The responsibility for ensuring that LHP complies with the requirements of the legislation rests with the MLRO. If he/she fails to carry out his/her duty correctly he/she may face a fine and/or imprisonment for up to 14 years.
- 10.3. LHP has appointed the Executive Director of Finance as its MLRO.
- 10.4. In the absence of the Executive Director of Finance the Chief Executive is authorised to deputise.

11. MONEY LAUNDERING COMPLIANCE OFFICER (MLCO)

- 11.1. The MLCO is responsible for day-to-day administration relating to money laundering avoidance. Reports of suspicious transactions will be sent to the MLCO who will collate the information and prepare the necessary reports for the NCA. They will also liaise with NCA in relation to the outcome of disclosures.
- 11.2. LHP has appointed the Corporate Head of Risk & Assurance as its MLCO.
- 11.3. In the absence of the Corporate Head of Risk & Assurance the Chief Executive is authorised to deputise.

12. ADDITIONAL GUIDANCE

- 12.1. If you require any additional information or guidance in relation to the contents of this policy and your responsibilities, please contact either the MLRO or the MLCO.

EQUALITY IMPACT ASSESSMENT

Insert Name of Policy			
Provide a brief summary of the aims and main activities of the initiative (bullet points):			
Completed By:	Corporate Head of Risk and Assurance	Date:	22/03/2022

Guidelines: Things to consider

- Where a negative (i.e., adverse) impact is identified, it may be appropriate to make a full EIA (see Stage 2), or, as important, take prompt action to redress this – e.g., by abandoning or modifying the initiative. NB If the initiative contravenes equality legislation, it must be abandoned or modified.
- Where an initiative has a positive impact on groups/community relations, the EIA should make this explicit, to enable the outcomes to be monitored over its lifespan.
- Where there is a positive impact on particular groups, does this mean there could be an adverse impact on others, and if so, can this be justified? - e.g. Are there other existing or planned initiatives which redress this?

- It may not be possible to provide detailed answers to some of these questions at the start of the initiative. The EIA may identify a lack of relevant data, and that data-gathering is a specific action required to inform the initiative as it develops, and to form part of a continuing evaluation and review process.
- It is envisaged that it will be rare for full impact assessments to be required. Usually, where there are particular problems identified in the screening stage, it is envisaged that changing the approach at this stage, and/or setting up a monitoring/evaluation system to review a policy's impact over time will tackle the problem.

STAGE 1: SCREENING

This stage establishes whether a proposed initiative will have an impact from an equality perspective on any particular group of people or community – i.e., on the grounds of race, religion/faith/belief, gender (including transgender), sexual orientation, age, disability, or whether it is “equality neutral” (i.e., have no effect either positive or negative).

Q 1. Who will benefit from this initiative? Is there likely to be a positive impact on specific groups/communities (whether or not they are the intended beneficiaries), and if so, how? Or is it clear at this stage that it will be equality 'neutral' i.e., will have no particular effect on any group? *Please consider all aspects of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality*

It is expected that this policy will be equality neutral – as applies equally to all employees, Board and Committee Members

Q 2. Is there likely to be an adverse impact on one or more minority/under-represented or community group as a result of this initiative? If so, who may be affected and why: Or is it clear at this stage that it will be equality 'neutral'? *Please consider all aspects of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality*

It is expected that this policy will be equality neutral

Q 3. Is there sufficient data on the target beneficiary groups/communities? Are any of these groups under or overrepresented? Do they have access to the same resources? What are your sources of data and are there any gaps? *Please consider all aspects of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality*

LHP collects diversity data on its employees, Board and Committee members and compares the diversity profile to the profile of the communities within which LHP serves (ONS data).

Q 4. Outsourced services – if the initiative is partly or wholly provided by external organisations / agencies, please list any arrangements you plan to ensure that they promote equality and diversity. *Please consider all aspects of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality*

n/a

Q 5. Is the impact of the initiative (whether positive or negative) significant enough to warrant a full impact assessment – see guidance? If not, will there be monitoring and review to assess the level of impact over a period of time? *Please consider all aspects of*

Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality

n/a

Q 6. To be completed at six monthly review Detail actions taken to assess the level of impact over a period of time, or to address any gaps in data. *Please consider all aspect of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality*