

Anti-Money Laundering Policy

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Disclosure under Freedom of Information Act?	Yes

1.Introduction

- 1.1 The overriding aim of the policy is to ensure the Police and Crime Commissioner (PCC), Chief Constable and their respective employees comply with anti-money laundering laws and regulations by having effective internal controls and procedures in place. The aim is to combat illegal money laundering and to prevent the misuse of police resources to launder money.
- 1.2 The need for an Anti-Money Laundering Policy derives from the Proceeds of Crime Act 2002 (POCA), the Money Laundering Regulations 2007 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.
- 1.3. This policy applies to all employees, temporary and agency staff, volunteers, contractors, agents, consultants, committee members and partners acting on the PCC and/or Chief Constables behalf, all of whom could potentially contravene the money laundering regulations. The policy aims to make them aware of their personal obligations and to provide them with a mechanism to raise any concerns.
- 1.4. This policy is consistent with all other PCC and force policies including the Anti-Fraud and Corruption Policy.
- 1.5 While the risk to the PCC of contravening the legislation is relatively low, it is important that all employees are familiar with their responsibilities; as serious criminal sanctions can be imposed for breaches of the legislation with potentially heavy penalties, including imprisonment, for those who are convicted of breaking the law. It is important to note that it is not necessary to have benefitted in any way from money laundering to be guilty of money laundering offences.
- 1.6. Failure by an employee to comply with the procedures set out in this policy may lead to disciplinary action being taken against them or criminal proceedings.

2. What is money laundering?

- 2.1 Money laundering is the process where criminals attempt to hide and change the true identity of the proceeds of their crime so that they

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appear legitimate, and that there is no link to their criminal origin. It also covers money, however obtained, which is used to fund terrorism.

2.2 There are three key stages to Money Laundering:

- Placement -This is the initial stage where illegal funds are introduced into a legitimate financial system
- Layering – An action to make the money hard to detect and move it away from the initial stage of Placement.
- Integration – The final stage of the laundering where the money is integrated back into the financial system as genuine funds.

2.3 Money laundering is a serious offence as set out in the Proceeds of Crime Act (POCA) 2002, and offences can carry long prison sentences. The legislation is designed to prevent anyone dealing in any way with the proceeds of criminal conduct.

2.4 Under legislation, there are three primary offences which any person may commit:

- Concealing, disguising, converting, transferring or removing criminal property from the UK; (section 327 of the Proceeds of Crime Act (POCA) 2002).
- Entering into or becoming involved in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property;(POCA section 328).
- Acquiring, using or possessing criminal property; (POCA section 329)

2.5. The meaning of proceeds of crime or “criminal property” is any benefit (monetary or otherwise) from criminal conduct, or any property representing the same (in whole or part and whether directly or indirectly) provided the alleged offender knows or suspects the property is such a benefit.

2.6. POCA also refers to two secondary offences which include:

- Attempting or helping with any of the above offences, or failing to disclose any of the three primary acts;
- Involvement in an arrangement which facilitates the control of money or property destined for, or the proceeds of, terrorism.

2.7 Potentially any employee could be caught by the money laundering provisions if they suspect money laundering and either become involved in it or fail to do something about it. Therefore, this policy sets out clearly how concerns should be raised.

3. How to Detect Money Laundering

3.1 There is no one method of laundering money. For this reason, it is important that all those working for the PCC and CC should be vigilant and alert to possible signs of money laundering. At all times, employees should;

- Be wary of cash transactions. 'Cash' for this purpose means notes, coins or travellers' cheques in any currency;
- Take care when commencing business with a new supplier;
- Be alert to the possibility of money laundering by a current or prospective supplier;
- Keep all/any relevant records of their concerns/reports

3.2 Officers and staff may find that they are exposed to situations where money laundering activities are suspected. The reporting procedure and controls that have been set up, will help to minimise risk and to ensure that legal responsibilities are met.

4. Procedure

4.1 As designated in the Financial Regulations (Section 5.6: Money Laundering section), the PCC Chief Finance Officer is designated as the Money Laundering Reporting Officer (MLRO) for Warwickshire. If the MLRO is not available for any period of time, the OPCC Chief Executive should be contacted with any concerns of this nature.

4.2 Whilst the risk of breaching legislation is considered to be low, it is important that all employees are aware of their responsibility to report any suspicions of money laundering activity to the MLRO without delay.

Reporting

4.3 This section explains what individuals MUST do if and when they become suspicious or know that there is a money laundering or

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terrorist financing activity going on. It also outlines how any reports will be dealt with by the MLRO.

- 4.4 Any individual covered under this policy who suspects money laundering activity is taking place or that their involvement in a matter may be prohibited under the legislation should report this promptly to the MLRO.
- 4.5 The individual must follow any subsequent directions from the MLRO and must not make any further enquiries themselves into the matter.
- 4.6 If the suspicion raised by an individual is linked to a specific transaction, they must not take any further steps in processing the transaction without authorisation from the MLRO. They must also alert the MLRO to any specific risks regarding the processing of the transaction by others, for example in their wider team.
- 4.7 The employee should not disclose or indicate their suspicions in any way to the person(s) suspected of money laundering. They must not discuss any of their concerns with others or make any note on a file that suspicions have been raised with the MLRO in case this makes the person(s) aware.

Disclosure by the MLRO

- 4.10 The MLRO must promptly evaluate the disclosure reported to them, to determine whether it should be reported to the National Crime Agency (NCA). The MLRO may request that the person reporting the matter to them, completes a Suspicious Activity Report (SAR) form.
- 4.11 Once the MLRO receives a disclosure report, he/she will;
 - note the date of receipt and confirm to the individual reporting the matter that she/he has received the report;
 - advise the timescale within which he/she expects to respond to the disclosure;
 - conduct a provisional investigation into the matter;
 - undertake such other reasonable enquiries as appropriate, seeking specialist legal and financial advice (if appropriate);
 - make a timely determination on next steps (see below)

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4.12 The MLRO has two options to determinate:

- a. Where it is determined there are no reasonable grounds to suspect money laundering, he/she will record the reasons for the finding and give *consent for any linked transactions to proceed. * This is now known as a Defence Against Money Laundering (DAML)
- b. Where it is determined money laundering is suspected he/she:
 - Will make a report to NCA, as soon as is practicable via the secure portal on the NCA website. The MLRO has registered an OPCC account for reporting SARs via the portal. Reporting via the portal negates the need for paper based reporting, and will provide an instant acknowledgement and reference number. The portal can be accessed via the following link <https://sarsreporting.nationalcrimeagency.gov.uk/>. Reports can be made 24/7. Further details on money laundering and all guidance notes and manual reporting forms are available at www.nationalcrimeagency.gov.uk.
 - If a specific transaction is involved as part of the disclosure, the MLRO will seek NCA consent whether to proceed with it.
 - Will advise the employee who made the report of any consent or refusal of consent from NCA for the transaction involved.
 - May give consent for the transaction to proceed where 7 working days have passed since the disclosure to NCA and no refusal notice has been given; or where although the refusal notice has been given, the moratorium period of 31 days has expired since the date of when the refusal notice was given.
 - May take formal legal advice if there appears to be reasonable excuse for non-disclosure (e.g. legal professional privilege) to decide whether or not the matter should be disclosed to the NCA.

4.13 If the MLRO fails to disclose as soon as practicable that they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering they will have been considered to have committed a criminal offence without reasonable grounds.

4.14 The MLRO must not:

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- give consent to an individual to proceed with any linked transaction without receiving such consent from NCA;
- give such consent before hearing from NCA and the period of 7 working days has not expired since she/he made the disclosure to NCA;
- give such consent before the required moratorium period (of 31 days since the date of the refusal notice) has expired.

Record Keeping Procedures

- 4.15 It is essential that records are properly kept to aid in any subsequent investigation which may be carried out and to demonstrate the PCC/ Chief Constable has met their responsibilities.
- 4.17 In all cases, if a disclosure is made to the MLRO, he/she must complete, as a minimum, a note which will constitute a money laundering disclosure, and retain it confidentially for a period of no less than 5 years.
- 4.18 The MLRO must keep any other associated records and information received by him/her, including details of the actions taken or not taken and the outcome to supplement the information provided on the money laundering disclosure form. Whilst the precise nature of these records is not set down in law the details retained should be capable of providing an audit trail in the case of a future investigation.
- 4.19 Further information can be found at:

National Crime Agency (NCA) –
<http://www.nationalcrimeagency.gov.uk>

The Law Society - Anti-Money Laundering Guidance and Advice –
<http://www.lawsociety.org.uk/advice/anti-money-laundering/>

5. Customer Due Diligence

- 5.1 Where individuals are carrying out certain regulated business (accountancy, audit and tax services and legal services regarding financial, company or property transactions) on behalf of the PCC or Chief constable, and as part of this:

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- a business relationship with a customer (or another party in a property sale) is established
- money laundering or terrorist financing is suspected
- there are doubts about a customer's identification information that has been obtained previously, or for existing customers - for example if their circumstances change
- an 'occasional transaction' worth €15,000 or more is undertaken, whether carried out as a single transaction or several linked ones.

then the Customer Due Diligence (CDD) procedure must be followed before any business is undertaken with that client. It is normal practice due to the nature and stringent guidelines for regulated business, relevant employees will be aware if their duties involve regulated activities.

5.2 CDD requires that evidence of identity is provided. This might include:

- Identifying the customer and verifying the customer's identity on the basis of information obtained from a reliable and independent search, for example, conducting a search via Companies House
- Obtaining evidence on the purpose and intended nature of the business relationship.

5.3 The regulations regarding CDD are detailed but the following questions may help to determine whether CDD should be followed:

- Is the service a regulated activity?
- Is the organisation charging for a service?
- Is the service being provided to a customer that is not another UK public sector body?

5.4 If the answer to any of these questions is no then there is no requirement to carry out CDD.

5.5 If the answer to all of the questions is yes then CDD must be carried out prior to conducting business with that client.

5.6 Where the relevant business is being provided to another UK public sector body then, written signed instructions on the body's headed paper should be obtained before the transaction is completed

- 5.7 The requirement for CDD applies for new customers. Any requirement for CDD on existing customers should be based on an assessment of risk.
- 5.8 Where CDD is carried out then all identification and evidence of the transactions should be kept for a minimum of 5 years.

6. Legislative compliance

- 6.1 All staff involved in carrying out functions under this policy and associated procedures and appendices will do so in accordance with the principles of the Code of Ethics. The aim of the Code of Ethics is to support each member of the policing profession to deliver the highest professional standards in their service to the public.
- 6.2 Equality and Diversity issues have also been considered to ensure compliance with the Equality Act 2010 and meet our legal obligation in relation to the equality duty. In addition, Data Protection, Freedom of Information and Health and Safety Issues have been considered. Adherence to this policy or procedure will therefore ensure compliance with all relevant legislation and internal policies. The equality assessment for this policy has not identified any issues.

7. Consultation

- 7.1 The policy has been prepared by the MLRO, but has consulted on the contents of the policy with the OPCC Chief Executive, the PCC, Deputy PCC, the Chief Constable, the Deputy Chief Constable and the Director of Finance for Warwickshire Police.

9. Revision Record

Date of change	Nature of revision
November 2024	First drafted

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