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## **Anti-Money Laundering Policy**

**COR-POL-28**  
**Version 2.0**

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**Date approved: 16 October 2024**

**Approved by: Audit and Risk Committee**

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## **1. Scope**

- 1.1 This document sets out Southway's Policy on preventing and tackling money laundering and terrorist financing activity. It is supported by a disclosure and reporting procedure for officers to follow when they have suspicions of money laundering.

## **2. What is money laundering?**

- 2.1 Money laundering occurs when criminally obtained money or assets (criminal property) are exchanged for 'clean' money or assets with no obvious link to their criminal origins, Under the Proceeds of Crime Act 2002 the Terrorism Act 2000 and The Money Laundering and Terrorist Financing (Amendment) Regulations 2023. Money laundering and/or terrorist financing means:

- handling, concealing, disguising, converting, transferring (or otherwise being directly involved with) criminal or terrorist property or removing it 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 or possessing criminal property; or
- failing to disclose knowledge or suspicion of money laundering to either the nominated officer (where relevant) or the National Crime Agency (NCA) as appropriate (such disclosures are dealt with further in this Procedure);
- tipping off any person that such a disclosure has been made;
- fundraising, involvement in funding arrangements, or facilitating the retention or control of money which is destined for (or is the proceeds of) terrorism.

## **3. Southway's approach and responsibilities**

- 3.1 •The Money Laundering and Terrorist Financing (Amendment) Regulations 2023 apply to a number of activities carried out by Southway. Southway maintains a risk register of potential areas of money laundering. The highest risk activities are property sales, and shared ownership property purchases, whereby Southway would be considered to be providing an estate agency service. and rent collection across all tenures,.
- 3.2 When someone purchases a shared ownership property from Southway they will use a solicitor. Solicitors will normally have money laundering

procedures in place. However, Southway has developed its own procedures to prevent Property Sales being used to launder money including checking the Government Sanctions List, or Persons of Significant Control, where appropriate and verifying the identity of any third parties carrying out transactions on behalf of a customer.

3.3 Southway will only accept cash payments in the following circumstances:

- Payment of the first week's rent prior to signing for a tenancy.
- Payment of the annual charge for the concessionary gardening service.
- To prevent a rent eviction. When this occurs the payer will be asked to provide proof of the origin of the funds. Examples of this may include bank statements, evidence of loans, letters from family or friends confirming the money has originated from them.

#### **Money Laundering Reporting Officer (MLRO)**

3.4 The MLRO is the officer nominated to receive disclosures about suspicious transactions or activity. The Assistant Director of Corporate Services is the MLRO for the Trust. The MLRO is responsible for:

- Receiving internal suspicious transaction reports (also known as disclosures) from within the business,
- Deciding whether a Suspicious Activity Report (SAR), via the National Crime Agency (NCA) website should be sent, where appropriate.
- Maintaining internal records, including submitting an annual report to the Audit and Risk Committee on Money Laundering activity during the previous year.
- Maintaining a Money Laundering Reporting Procedure (see Appendix A of this Policy)
- Making auditors and the audit committee aware of any suspicious activity that may affect the financial standing of Southway.

#### **Employees**

3.5 All Southway employees have a;

- Legal Responsibility to report Money Laundering Activity (It is a criminal offence to fail to report suspicions of money laundering)
- Moral Responsibility to report Money Laundering. Money Laundering is proven to be linked to organised crimes, drug dealing, prostitution and terrorist activity which can have a devastating effect on individuals and the wider communities

- 3.6 All Staff will be made aware of this Policy, and the correct route to report suspicions. Staff providing services with the most potential for money laundering transactions will be provided with training which helps them to recognise when it might be taking place.
- 3.7 Additional due diligence will be conducted on any organisations with whom Southway trades.
- 3.8 Firms submitting Tenders to Southway will be asked to prove they have adequate Anti-Money Laundering policies and procedures in place. In the event that other organisations, who do business with Southway, do not have an Anti-Money Laundering Policy, they will be asked to sign an undertaking that they agree to comply with this policy

#### **4. Reporting**

- 4.1 Details of how staff are expected to report suspicions of money laundering are included at Appendix A.
- 4.2 As Money Laundering is essentially Fraud, the internal reporting criteria, detailed at Section 6 of the Fraud Policy applies to this Policy as well. This is in addition to the Statutory Reporting Requirements.

#### **5. Related Policy Documents and Reference Sources**

- Anti-Fraud and Bribery Policy
- Probity Statement
- Market Rent Management Policy
- Shared Ownership Sales Policy
- Money Laundering Regulations 2007 – Office of Fair Trading Core Guidance
- The Money Laundering and Terrorist Financing (Amendment) Regulations 2023 National Housing Federation 2018 – Guidance on Anti Money Laundering

| <b>POLICY REVIEW HISTORY</b>              |
|-------------------------------------------|
| <i>To be completed during each review</i> |
| <b>Previous versions</b>                  |

|                                                   |                                          |
|---------------------------------------------------|------------------------------------------|
| <b>Date of last EIA:</b>                          |                                          |
| <b>Review lead by:</b>                            | Assistant Director of Corporate Services |
| <b>Main points or amendments made and reasons</b> |                                          |
| <b>Next review due:</b>                           | Q3 2026/27                               |
| <b>Approval level:</b>                            | Audit and Risk Committee                 |

Appendix A

### **Money Laundering Reporting Guidance and Procedure**

## **1. Tell-tale signs that Money Laundering may be taking place**

This list is not exhaustive and officers should be vigilant for any unusual or out character behaviour.

### **New Customers**

- Checking the customer's identity is difficult.
- The customer is reluctant to provide details of their identity.
- The customer is trying to use connections to protect their identity or hide their involvement.
- There appears to be no genuine reason for the customer using the business' services.
- Customers trying to avoid the due diligence process.

### **Regular and Existing Customers**

- The transaction is different from the normal business of the customer.
- The amount and frequency of the transaction is not consistent with the normal activities of the customer.
- The pattern of transactions has changed since the business relationship was established.
- There has been a significant or unexpected improvement in the customer's financial position particularly where they are unable to give a proper explanation of where the money came from.

### **Transactions**

- Money is paid by a third party who does not appear to be connected with the customer.
- The customer requests payment to a third party who has no apparent connection with the customer.

- A cash transaction is unusually large and the customer will not disclose the source of the funds.
- Offer of goods or services at below market prices, including loans at sub market rates.

## 2. Reporting a suspected money laundering incident

### Employees

- 2.1 Where a member of staff believes that there is suspicious activity taking place, they must follow the money laundering disclosure procedure set out below.
- 2.2 An employee must report the details of the suspicious transaction as soon as possible to the MLRO, but at the latest within 24 hours. In the absence of the MLRO they should approach the Executive Director of Finance and Business Development , or Chief Executive. Southway's MLRO is the Assistant Director of Corporate Services.
- 2.3 The individual making the transaction **must not** be informed that anything is wrong, even if permission is given from the MLRO to continue with the transaction. If they are informed, then this will be considered as "tipping off".
- 2.4 The member of staff must only follow instructions given by the MLRO. The MLRO will pass on instructions from the National Crime Agency (NCA) if necessary. The member of staff **must not proceed** with a transaction until confirmation is given from the MLRO that they are able to do so.
- 2.5 The person making the transaction **must not** be informed in any way that:
- The transaction is being or was delayed because a disclosure has been made
  - Details of their transaction has or will be reported to NCA
  - They are being investigated by law enforcement agencies
- 2.6 If the person making the transaction queries why there has been a delay, they should be informed that there has been a technical error or a system crash and we will let them know as soon as it has been remedied.
- 2.7 If a transaction has already taken place before the suspicion arises, a report should still be made to the MLRO.
- 2.8 The report must include as much information as possible, for example:

- Full details of the people involved (including the reporting staff member, if relevant) and dates of birth, addresses, company names and phone numbers.
- The report should also make it clear whether there are any deadlines, such as a completion date.

2.9 The main body of the report should also include:

- the dates of financial activities, including whether the transactions have happened, are ongoing or are imminent;
- where they took place;
- how they were undertaken;
- the (likely) amount of money/assets involved;
- Why, exactly, there are suspicions (the NCA will require full reasons);
- Any other relevant information/ supporting documentation.

2.10 If the staff member is concerned that their involvement in the transaction would amount to a criminal act, they will need consent from the MLRO before taking any further part in the transaction. This is the case even if the client gives instructions for the matter to proceed before such consent is given.

### **Money Laundering Reporting Officer**

2.11 On receipt of the report, the MLRO will inform the employee as to the expected timescale of response and:

- Consider the details provided in the report;
- Assess whether or not any further information is required, and request any supplemental information needed;
- Make enquiries in a way that avoids tipping off anyone involved;
- Consider whether or not the report gives rise to a knowledge or suspicion of money laundering, and whether or not consent from NCA is needed for a particular transaction.
- Consider whether the organisations Auditors and Audit Committee should be advised.

2.12 Other relevant information might include:

- Other transaction patterns and volumes;
- Length of business relationship;
- Number of one off transactions and any linked transactions;
- Any identification evidence found.

2.13 Following this, the MLRO will make a determination as to whether:

- There is actual or suspected money laundering taking place; or
  - There are reasonable grounds to know or suspect that is the case;
  - Whether consent from NCA should be sought for a particular transaction to proceed.
- 2.14 If the MLRO decides that the information supplied does not require disclosure to the NCA, then they will inform the original reporting officer that they can proceed with the transaction.
- 2.15 If the MLRO decides that the report should be disclosed to the NCA, they will complete an SAR online via the NCA website. The basis for the knowledge or suspicion of money laundering or terrorist financing should be contained within the SAR and should include as much relevant information about the customer, transaction or activity as the business has on its records. Suspicious activities, even if no transaction takes place, should also be reported.
- 2.16 The MLRO commits a criminal offence if, following a disclosure, he or she knows, or has reasonable grounds to suspect that another person is engaged in money laundering and that this has not been disclosed as soon as practicable to NCA.

**The National Crime Agency**

- 2.17 The NCA on receipt of the report will then do one of the following:
- (a) Respond to say whether or not the transaction may be completed.
  - (b) Not respond to the SAR. If no response has been received after seven working days, the business may proceed with the transaction. The MLRO will then inform the officer performing the transaction, that they may now complete it. (It is an offence for the organisation to proceed with a transaction if consent to proceed has been requested, but not granted within the seven-day period. This period starts the day after the SAR is submitted.)
  - (c) Refuse to provide consent to continue with the transaction. In this event, the transaction must not be processed for a further 31 calendar days (the moratorium period). Only after this period should the MLRO inform the officer performing the transaction that they may now complete it.
- 2.18 The MLRO will note the details of NCA correspondence in the case file. This must be kept for a minimum of five years.