



Anti-Money Laundering Policy

Version 3

Approved by: Audit & Risk Committee
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1.0 Introduction

- 1.1 Money laundering means exchanging money or assets that were obtained criminally for money or other assets that are 'clean'. The 'clean' money or assets do not have an obvious link with any criminal activity. Money laundering also includes money used to fund terrorism, regardless of how it was obtained.
- 1.2 The Housing sector has a significant role to play in tackling the problems caused by crime. Effective use of systems and internal controls will assist with identifying how money laundering occurs and affects the sector. It also has benefits for communities, not only in the disruption of criminal activity, but helping to reduce related anti-social behaviour.
- 1.3 Optivo is committed to the highest ethical standards and good governance. It has adopted a zero tolerance to all forms of fraud, bribery and corruption, including money laundering. The conduct of Board and Committee members, staff, consultants, contractors and suppliers and others involved in delivering Optivo's business is critical to achieving this.
- 1.4 General rules relating to conduct and disciplinary action are contained within employment terms and conditions, Standing Orders and specific policies relating to conduct and probity.
- 1.5 Money laundering can take a number of forms:
 - Handling the proceeds of crime (e.g. tenancy, Welfare Benefit and Right to Buy fraud)
 - Direct involvement in criminal or terrorist property activity
 - Entering into arrangements which facilitate other people committing laundering of criminal or terrorist property, money or assets
 - Investing the proceeds of crime into other financial products or into the acquisition of other property/assets

2.0 Policy statement

- 2.1 At Optivo, 'money laundering' is defined as the process by which criminally-obtained money or assets are exchanged into something else to 'clean' them. This stops the money or asset being obviously connected with the crime from

which they were generated. The 'clean' money is then fed back into the financial system so its original source is hidden.

- 2.2 All Optivo employees, Board and Committee members must be aware of the actions being taken to prevent criminal activity through money laundering or similar impropriety and ensure all suspected cases are reported.
- 2.3 The Policy sets out the requirements that must be followed to ensure Optivo complies with its legal requirements and the guidance on anti-money laundering issued by the National Housing Federation which emphasises the impact on the sector.
- 2.4 Everyone within Optivo must appreciate that money laundering and other irregularities will not be tolerated. They must recognise they have a role in ensuring Optivo acts with integrity. Staff and governance members must ensure any incidents are responded to professionally and quickly. Failure to comply with this Policy may lead to disciplinary and/or criminal action being taken.

3.0 Key Policy requirements

- 3.1 All employees should be vigilant and challenge unusual behaviours to help reduce the opportunity for criminal activity taking place through money laundering. This includes:
 - Ensuring all customers provide sufficient proof of their identity at first contact with Optivo (see section 8.0)
 - Being vigilant in relation to transactions that carry a higher risk of money laundering (see section 9.0)
 - Investigating unusual transactions (see section 10.1)
 - Reporting concerns (see section 11.0).

4.0 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

- 4.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the regulations) apply to a wide range of credit and financial services carried out by Optivo. It includes large cash transactions worth at least €15,000 (approx. £12,000 depending on the exchange rate) or more as a single transaction, or set of associated transactions.
- 4.2 The following Optivo activities mean the regulations do apply:
 - Receiving Welfare Benefit payments or giving assistance with Welfare Benefit claims, where the payment or benefit amounts to a large cash transaction
 - Right to Buy transactions

- Shared Ownership transactions
- Loans made by Optivo, for example to leaseholders
- Debt advice, particularly if it involves advice on loan refinancing and loans to employees (e.g. season ticket loans).

4.3 Due to these activities, Optivo is required to:

- Put in place checks, controls and procedures to anticipate and prevent money laundering or terrorist financing, including carrying out an organisation-wide anti-money laundering risk assessment
- Train employees in those procedures and in the law relating to money laundering and terrorist financing
- Appoint a nominated Money Laundering Reporting Officer (MLRO) to receive/consider internal disclosures and make Suspicious Activity Reports to the National Crime Agency. The MLRO for Optivo is the Executive Director Governance & Compliance
- Put in place due diligence measures to identify customers and verify their identities before entering into a business relationship or transaction, to obtain information on the purpose or nature of the business relationship and to conduct ongoing monitoring of the business relationship as appropriate
- Keep records obtained in establishing customers' identities and of business relationships for five years.

4.4 To meet the requirements of the 2017 regulations, Optivo will:

- Carry out an organisation-wide anti-money laundering risk assessment and provide this on request to the relevant authorities
- Undertake a risk assessment for each new customer or transaction
- Appoint a Board member or member of the management team to be responsible for compliance with the regulations. The member of the management team responsible is Executive Director Governance & Compliance
- Check that employees carrying out work relevant to anti-money laundering are screened and provided with regular training, both on the new regulations and Optivo's policy and procedures
- Introduce a written anti-money laundering risk report which can be used to inform policies linked to anti-money laundering compliance
- If a simplified customer due diligence can be relied upon we will support that decision with documentary evidence
- Introduce enhanced customer due diligence for high risk cases, but this is unlikely to impact on Optivo
- Retain all customer due diligence records (i.e. documents and evidence) for a minimum of five years after the transaction, with all personal data deleted after this timescale unless any legal exemption applies.

5.0 The Proceeds of Crime Act 2002

5.1 The Proceeds of Crime Act 2002 applies to all individuals within the UK, and offences under this Act carry severe penalties including imprisonment for up to 14 years.

5.2 The primary offences relating to money laundering under this Act are:

- 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
- The acquisition, use and/or possession of criminal property regardless of value. An offence is committed even if the proceeds of crime are used in a transaction between Optivo and a customer. Proceeds can result from offences which seem trivial, such as a customer benefits by not pointing out an administrative error made by someone else. The crime could be committed by Optivo's customer in relation to their tenancy (e.g. tenancy fraud), or the proceeds of crime being used to pay Optivo for its services or transactions.

5.3 There are also two third party offences:

- Failure to disclose knowledge or suspicion of money laundering to the nominated MLRO or, in the case of an MLRO, their failure to report to the National Crime Agency as appropriate
- Tipping off any person that a disclosure has been made.

6.0 The Terrorism Act 2000 (as amended August 2008)

6.1 The primary offences relating to terrorist funding are set out of this Act as follows:

- Fundraising for the purpose of terrorism
- Using or possessing money or other property for the purposes of terrorism
- Involvement in funding arrangements
- Money laundering – facilitating retention or control of property (including money) which is destined for, or is the proceeds of, terrorism
- Involvement in arrangements to conceal, remove from the jurisdiction, transfer to nominees or any other retention or control of terrorist property may also be considered as money laundering under this Act.

7.0 Criminal Finances Act 2017

7.1 From 30 September 2017, the Criminal Finances Act 2017 makes companies and partnerships criminally liable if they fail to prevent tax evasion by either a member of their staff or an external agent, even where the business was not

involved in the act or was unaware of it. Prosecution could potentially lead to both a conviction and unlimited penalties.

7.2 The Act also covers a raft of other provisions, including further powers to investigate suspected money laundering or terrorist financing, and new orders to require someone to disclose information they may have on money laundering.

8.0 Obtaining proof of identity

8.1 It is essential that proof of identity is obtained when:

- Optivo is establishing a business relationship with a customer (or another party in a property sale)
- Money laundering or terrorist financing is suspected
- There are doubts about a customer's identification information previously obtained
- It is necessary for existing customers (e.g. if their circumstances change)
- Carrying out an 'occasional transaction' worth €15,000 or more.

8.2 See Appendices A and C for guidance on the Government's approved list of acceptable forms of identification. Any reluctance to provide proof of identity, undue delay or refusal should be reported to the MLRO. Copies of the evidence obtained of a customer's identity should be retained for five years after the end of the customer relationship. Or in the case of occasional transactions, five years from the date when the transaction was completed.

9.0 High risk areas – property purchase and affordable housing schemes

9.1 Money launderers may target Registered Providers specifically through property purchase and affordable housing schemes, such as shared ownership. Optivo employees in these areas of the business must be extra vigilant by double checking identification documents and customer income levels:

- Housing – including any teams responsible for customer verification, allocations and monitoring tenancies
- Development & Sales – including any teams responsible for property purchase and shared ownership.

9.2 Other criminal activities, or its proceeds could materialise more widely across Optivo's business. All contact with customers should be noted, particularly if any unusual behaviours indicating possible criminal activity are observed.

10.0 Suspicious circumstances

10.1 The following circumstances should raise suspicion of money laundering:

- Checking a new customer's identity is difficult (e.g. there is reluctance to provide details of their identity)

- The size of the transaction is not consistent with previous activity, or the financial circumstances of an existing customer have changed dramatically (e.g. a customer on Housing Benefit suddenly has the funds to buy a house)
- Money is paid by a third party who has no obvious link with the transaction
- The customer wants to pay a large sum in cash
- A customer puts pressure on you to accept their business before you can carry out the necessary checks
- A customer makes an approach to purchase a property then pulls out when asked for identification
- An individual, organisation or third party offers to fund a specific project or initiative for no apparent reason.

10.2 In any of the above circumstances, a reasonable explanation should be sought as well as clarification of where the money is coming from. Optivo must only accept original, hard-copy bank statements for the source account which clearly shows the accumulation of the funds. If a satisfactory explanation cannot be provided or there is still suspicion, the concerns must be reported to the MLRO.

11.0 Responsibility and reporting arrangements

- 11.1 Everyone within Optivo has a general responsibility to immediately report any reasonable suspicion or actual money laundering attempt. The process for raising concerns is outlined separately in Appendix B.
- 11.2 The Executive Director Governance & Compliance, as Optivo's MLRO, makes assessments to establish the risk of actual or suspected money laundering taking place. If there is sufficient evidence available to support the allegation, the MLRO is responsible for submitting a Suspicious Activity Report to the National Crime Agency after seeking legal advice or guidance if necessary. If the MLRO identifies failings in any Policy, procedure or process when reviewing cases of actual or suspected money laundering, these will be reported to the relevant service areas, the Internal Audit team and the Audit & Risk Committee to ensure any emerging risks are managed.
- 11.3 The Executive Director Governance & Compliance is responsible for this Policy and is Optivo's MLRO.
- 11.4 Management monitors any control improvements arising from internal money laundering investigations to ensure they are implemented.
- 11.5 The Audit & Risk Committee is responsible for monitoring all reports of actual or suspected money laundering through the quarterly fraud report, and for commissioning special investigations into matters of concern relating to internal controls.
- 11.6 The Board will receive updates from the Audit & Risk Committee on the adequacy and effectiveness of all internal controls.

11.7 The Homes and Communities Agency (HCA) may be notified of cases of significant money laundering, depending on the severity and under the following circumstances:

- Any financial loss to Optivo is greater than £5,000
- The allegations relate to a Board/Committee member or Executive Officer
- The allegations relate to the fundamental governance or viability of Optivo
- The allegations relate to a breakdown in effective risk management and internal controls
- The allegations could bring Optivo or the sector into disrepute
- The allegations warrant external investigation.

11.8 The Chair of Audit & Risk Committee will be informed before the MLRO or Chief Executive report to the HCA.

12.0 Communications and awareness

12.1 The anti-money laundering arrangements will be:

- Cascaded to all employees carrying out work relevant to anti-money laundering through regular training on the new regulations and Optivo's policy and procedures
- Publicised on the Optivo Intranet
- Made available to all employees at their induction and through annual mandatory training
- Publicised periodically through employee communications
- Promoted through targeted training for managers and employees in high risk business areas.

13.0 Equality, diversity and inclusion

13.1 Optivo promotes equality and diversity and has appropriate policies in place to inform all areas of its operations. Optivo adheres to the Equality Act 2010, is committed to equal and fair treatment for all and is opposed to any form of discrimination.

13.2 All information can be made available in alternative formats, such as large print, audio, Braille and other languages on request to the Governance Team.

14.0 Related documents

- Related HR policies including Code of Conduct, Disciplinary Policy and procedure
- NHF Codes of Conduct and Governance
- [Whistleblowing Policy](#) and [Guidance](#)
- Appendix A - the Government's approved list of acceptable forms of identification
- Appendix B – The anti-money laundering procedure, which sets out how reports should be made, the role of the MLRO, the reporting requirements

including the form

- Appendix C – HM Revenue & Customs guidance on responsibilities
- [Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#)

15.0 Review

- 15.1 This Policy will be reviewed as part of the next review of Optivo's governance arrangements, or sooner to incorporate legislative, regulatory, best practice developments, or address operational issues. Any proposed changes will be presented to the Optivo Audit & Risk Committee/Board for approval.