

ANTI MONEY LAUNDERING POLICY

Document Owner and Author:	Simply Third Sector Ltd
Date Drafted	October 2023
Date for Review	October 2024
Date approved by Board of Trustees	October 2023

Contents

Policy Statement	3
Purpose	3
Scope of the policy.....	3
Money Laundering.....	3
Bribery and Corruption	4
Examples of bribery and corruption:	4
Tainted Donations	5
Procedures	6
Due diligence	6
Policy on disclosure	6
Disclosure Procedure.....	7
Cash Payments	7
Reporting to the Money Laundering Reporting Officer.....	8
Consideration of the disclosure by the Money Laundering Reporting Officer	8
Record Keeping	9
Further Information	9
Appendices	10
Appendix 1	10

Policy Statement

Veterans Relief and Support takes its responsibility for ensuring the establishment and maintenance of systems of internal control for the prevention and detection of fraud, irregularities, and corruption as non-negotiable and will not tolerate fraud, corruption, or abuse of position for personal or institutional gain. It is therefore the policy of Veterans Relief and Support to comply fully with applicable provisions of the Proceeds of Crime Act 2002, Terrorism Act 2000, Bribery Act 2010 and Money Laundering Regulations 2007 and all amending legislation.

Purpose

The purpose of this policy is to ensure the charity's compliance with anti-money laundering, bribery and corruption laws and regulations, to assist law enforcement in combating illegal money laundering, and to minimise the risk of charity resources being used for improper purposes.

Scope of the policy

This policy aims to maintain the high standards of conduct which our charity currently enjoys. This will be achieved by ensuring that Veterans Relief and Support does not get:

- used by third parties for the purpose of money laundering.
- receive bribes that are intended to influence Veterans Relief and Support decision making.
- is subjected to corrupt, dishonest and or illegal behaviour.

This policy applies to everyone involved in the charity. i.e. employees, volunteers, suppliers, students and work experience personnel, agency workers, contractors, beneficiaries and the board of trustees.

This policy is made available internally throughout the charity and management is required to ensure that everyone is aware of it and receives appropriate training. Failure to comply with this policy can lead to disciplinary action.

Money Laundering

By definition, money laundering is the practice of cleaning up money that has, for some reason, been obtained illegally. Often there is a complex trail involved so that the practice cannot be easily identified or traced.

Money laundering can occur in many ways. It may happen by dispersing money through many different bank accounts (to hide its origins) but can occur when the charity is used unwittingly as a "trading partner". This could be directed at the charity or through an organisation where we have a close relationship, such as a funder.

Bribery and Corruption

The Bribery Act 2010 applies to individuals and commercial organisations, including charitable companies.

It sets out 4 criminal offences:

- Bribing an individual or company.
- Being bribed by an individual or company.
- Bribing a foreign public official.
- Corporate failure to prevent bribery.

Examples of bribery and corruption:

- Bribery can arise in day-to-day situations such as; tendering, appointing preferred suppliers, contractors and agents, awarding licences or offering jobs.
- Provision of lavish hospitality by Veterans Relief and Support for public officials
- Use of Veterans Relief and Support funds, in the form of payments or gifts and hospitality for any unlawful, unethical, or improper purpose.
- Authorisation of, making, tolerating, or encouraging, or inviting or accepting, any improper payments in order to obtain retain or improve business.
- Permitting anyone to offer or pay bribes or make facilitation payments on behalf, of Veterans Relief and Support or do anything else Veterans Relief and Support would not be permitted to do itself.
- Offering or giving anything of value to a public official (or their representative) to induce or reward them for acting improperly in the course of their public responsibilities.
- Awarding employment where a person has not met has not met the recruitment criteria requirements on the basis of acceptance of a donation.
- Offering or accepting gifts or hospitality, where this might impair objective judgment, improperly influence a decision or create a sense of obligation, or if there is a risk it could be misconstrued or misinterpreted.

This list is not exhaustive.

The Act is not limited to activity in the UK or UK based companies. It covers payment to a public service provider to speed up the performance of the service or delivery, such as provision of work permits or the connection of a telephone line. Whilst these activities are commonplace in some places and are even permissible in the US, the Act considers them to be bribery. Clearly the main thrust of this legislation is aimed at businesses which operate overseas. It is acknowledged that there is a culture of "facilitation

payments" in certain areas but there is no exemption just because it is a local custom. The standard expected is that of a reasonable person in the UK.

The trustees do not need to be aware of the bribery to be liable. An offence can be committed by an organisation if any bribe is paid by any person associated with it, therefore trustees need to have a robust policy stating who may act on their behalf and what actions they may take. That policy needs to be communicated to all trustees, staff, volunteers, agents, and fundraisers. The trustees should also take steps to monitor who may be acting on their behalf without proper permission.

Risk Assessing should consider the following common risk exposures:

- Country Risk – where the business is trading.
- Sector Risk – some sectors carry a higher risk than others.
- Transactional Risk – this would be the type of spending – some categories are easier to corrupt than others.
- Business Opportunity Risk – high value projects, projects not undertaken at market prices or involving contractors or intermediaries.
- Business Partnership Risk- joint ventures, overseas agents or ventures linked to prominent public officials.

The penalties for conviction under the Act are:

- Individuals – unlimited fine to imprisonment for 10 years.
- Directors / Trustees – could find themselves disqualified from acting as company directors.
- Commercial Organisations – unlimited fines and exclusion from tendering for public contracts.

Tainted Donations

Parallel legislation is now in force in respect of what are called tainted donations. This is a replacement for the substantial donor provisions and is legislation largely driven by corporation tax requirements. In simple terms, a tainted donation is not necessarily a criminal offence, but it will be construed as not for charitable purposes and thus liable to tax as trading income. It follows also that any gift aid claim would be disallowed.

The legislation is intended to catch donations which are given "with strings attached". In short, the donor expects a measurable benefit in return. (The small benefit rules which apply to gift aid donations are not affected by the changes.)

Trustees should ensure that they have policies in place to identify the source of donations and to identify any conditions in writing or merely implied which could cause a problem. Obviously, this is not to prevent genuine restricted donations which are

given for a particular purpose within the general charitable activities. As with bribery policies, donation policies should be communicated to all trustees, staff etc., so that nobody can unwittingly commit the charity to accepting a commitment which they should not be accepting.

The Charity Commission has issued Compliance Toolkit – Protecting Charities from Harm, which is available on their website, and adds a section on bribery to the extensive guidance on fraud and financial crime. The Charity Commission does expect any serious criminal activity, known or suspected, to be reported to it and the Annual Return requires a declaration to this effect to be made by the trustees.

Procedures

- Brian Goldstone (Trustee) acts as the money laundering reporting officer (MLRO), receiving disclosures from anyone involved in the charity of any suspected money laundering activities. The Chairperson will act as temporary MLRO if the MLRO is not available.
- The MLRO will be responsible for carrying out the charity's anti-money laundering procedures.
- The MLRO will ensure that proper records are maintained on all the relevant activities and steps taken to deal with them.

Due diligence

The charity will carry out procedures that help to identify donors or other providers of income before entering a relationship or transaction with them.

The charity should, where applicable:

- (1) Identify the donor and verify their identity.
- (2) Take adequate measures where some donors need or want their privacy.
- (3) Accept that in some cases, the identity of the donor may not be easy to verify, in which case other measures need to be developed.
- (4) Continuously monitor the situation and.
- (5) Maintain proper records of all checks made.

Policy on disclosure

If anyone knows, suspects, or has reasonable grounds for thinking or suspecting that a person is engaged in money laundering or terrorist financing, they must report such matters to the MLRO immediately. Disclosure should be made on a standard form available from the MLRO which requires:

- (1) Details of the people involved.
- (2) Type of transaction
- (3) The relevant dates

- (4) Why there is a suspicion.
- (5) When and how activity is undertaken.
- (6) Likely amounts

The MLRO will acknowledge receipt of the disclosure within an agreed response period.

The MLRO will consider the report and any other information available.

Once the MLRO has evaluated the disclosure or other information, they will determine if:

- (1) There are reasonable grounds for suspecting money laundering and the steps to be taken; or
- (2) There is actual money laundering or terrorist financing; and
- (3) Whether they need to report the matter to the National Crime Agency (NCA).

All disclosure reports referred to by the MLRO and reports made by them to the NCA will be retained for a minimum of 5 years.

Disclosure Procedure

Cash Payments

No payment to the Charity should automatically be accepted in cash (including notes, coins, or travellers' cheques in any currency) if it exceeds £1,000. This does not, however, mean that cash transactions below this value will be valid and legal and should not raise suspicion. Professional scepticism should be retained at all times.

Staff/volunteers who collect cash payments are asked to provide the details of any cash transaction over £1,000 to the MLRO so that precautionary checks can be performed.

The Charity, in the normal operation of its services, accepts donations from individuals and organisations. If staff/volunteers have no reason to suspect or know that money laundering activity is taking place and if the money offered is less than £1,000 in cash as a donation to the Charity, then there is no need to seek guidance from the MLRO.

If a member of staff/volunteer has reasonable grounds to suspect money laundering activities or proceeds of crime, or is simply suspicious, the matter should still be reported to the MLRO. If the money offered is £1,000 or more in cash, then the donation must not be accepted until guidance has been received from the MLRO even if this means the person has to be asked to wait.

Any officer involved in a transaction of this kind should ensure that the person provides satisfactory evidence of their identity personally, through passport/photo driving licence plus one other document providing evidence of current address in the form of a bank statement, credit card statement, mortgage or insurance details or a utility bill. Where

the other party is a company, this can be done through company formation documents or business rate bill.

Reporting to the Money Laundering Reporting Officer

Any employee/volunteer who becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, must disclose this promptly to the MLRO or Treasurer. The disclosure should be at the earliest opportunity of the information coming to your attention, not weeks or months later. Should you not do so, then you may be liable to prosecution.

Employees/Volunteers must follow any subsequent directions from the MLRO or deputy and must not make any further enquiries themselves into the matter. Additionally, they must not take any further steps in the transaction without authorisation from the MLRO or deputy.

The employee/volunteers must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. The person concerned should be advised that routine Charity procedures require secondary authorisation prior to large cash donations being processed. The employee/volunteer must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion.

Consideration of the disclosure by the Money Laundering Reporting Officer

The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency (NCA).

The MLRO or deputy must, if they so determine, promptly report the matter to the NCA on their standard report form and in the prescribed manner. Up to date contact details can be found on the NCA website at: <http://www.nationalcrimeagency.gov.uk/>

(Main NCA website)

All disclosure reports referred to the MLRO or deputy and reports made to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years. The Money Laundering Disclosure Form (Appendix 1) should be used by the MLRO to record any action taken.

The MLRO or deputy will commit a criminal offence if 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, and they do not disclose this as soon as practicable to the NCA.

Record Keeping

The MLRO will keep a record of all referrals made to them and of any action taken / not taken. The precise nature of these records is not set down in law but should be capable of providing an audit trail during any subsequent investigation.

Further Information

Further information can be obtained from the MLRO and the following sources:

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

CIPFA - www.cipfa.org/membership/practice-assurance-scheme/antimoneylaundering

CCAB - Anti-Money Laundering (Proceeds of Crime and Terrorism) – Guidance for Accountants – www.ccab.org.uk

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

Appendices

Appendix 1

Money Laundering Disclosure Form (proforma for use by MLRO)

Money Laundering Disclosure Form

This form is for completion by the Money Laundering Reporting Officer

Date Report Received:	
------------------------------	--

Consideration of Disclosure:

Details of Disclosure:

Are there reasonable grounds for suspecting money laundering activity:

If there are reasonable grounds for suspicion, will a report be made to the NCA?

Yes/No:

If yes, please record the date of report to the NCA:	
---	--

Details of liaison with NCA:

Notice Period:

Moratorium Period:

Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?

Yes/No:

If yes please record the details here:

--

Date consent received from NCA:	
--	--

Date consent passed to employee:	
---	--

If there are reasonable grounds to suspect money laundering but you do not intend to report the matter to NCA, please record the reasons for nondisclosure:

Please record any other relevant information here:

Signed:	
----------------	--

Date:	
--------------	--

This report is to be retained for at least five years.
