



**Lincolnshire**  
**POLICE & CRIME COMMISSIONER**  
**SAFER TOGETHER**

## **Policy Document**



# **Anti-Money Laundering Policy**

## **PD 220**

### **Code of Ethics**

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.

Reference Number:	220
Policy Sponsor:	DCC
Policy Owner:	Force Chief Finance Officer – Sharon Clark
Reviewer:	Force Accountant – Samantha Gell
Publication Date:	October 2019
Review Date:	October 2021

Version:	Date:	Reason For Issue:
2	April 2017	Review
3	October 2019	Biennial Review

## Legislative Compliance

This document has been drafted to comply with the principles of the Human Rights Act. Proportionality has been identified as the key to Human Rights compliance, this means striking a fair balance between the rights of the individual and those of the rest of the community. There must be a reasonable relationship between the aim to be achieved and the means used.

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.

### ***Other legislation/law which this policy has been drafted to comply with:***

- [Human Rights Act 1998 \(in particular A.14 – Prohibition of discrimination\)](#)
- [Equality Act 2010](#)
- [Crime and Disorder Act 1998](#)
- [H&S legislation](#)
- [Data Protection Act 2018](#)
- [Freedom Of Information Act 2000](#)

### **Security Classification**

**Policy to be published on Intranet: Yes**

**Policy to be published on Force Website: Yes**

## Authorised Professional Practice (APP)

This Policy has been checked against APP. Lincolnshire Police has adopted the APP provisions, with supplementary information contained herein, which reflects local practice and the needs of the communities served by Lincolnshire Police.

Those provisions are shown in the links below and can be accessed via the home page of the APP website ([www.app.college.police.uk](http://www.app.college.police.uk)):

### Money Laundering

#### 1. Policy Aims: (purpose)

- 1.1. The aim of the policy is to ensure the PCCs compliance with anti-money laundering laws and regulations, to assist law enforcement in combating illegal money laundering and to minimise the risk of PCC resources being used for improper purposes.
- 1.2. This policy serves to protect PCC and CC employees by making them aware of their personal obligations and to provide them with a mechanism to raise any concerns.
- 1.3. The Police and Crime Commissioner (PCC) is committed to prevent the PCC and its employees being exposed to money laundering, to identify the risks where it may occur, and to comply with legal and regulatory requirements, especially with regard to reporting suspected cases.

Key points:

- The PCC is committed to the prevention, detection and reporting of money laundering;
  - All employees should be vigilant for signs of money laundering;
  - An employee who suspects money laundering activity should report this promptly to the Professional Standards Department (PSD);
  - The PCC will not accept payments in cash that exceed £1,000 in a single transaction.
- 1.4. This Policy covers all PCC activities and applies to all PCC and Chief Constable (CC) employees, committee members, temporary and agency staff, volunteers, contractors, agents, consultants and partners acting on the PCCs behalf, all of whom could potentially contravene the money laundering regulations. This policy sets out the required procedures which should be followed for reporting suspicions of money laundering activity to enable the PCC to comply with its legal obligations.
  - 1.5. This Policy is consistent with all other PCC policies including the Anti-Fraud and Corruption Policy.

- 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.

## **2. Policy Statement: (Key information)**

- 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 appear legitimate.

- 2.2. The substantive money laundering offences are set out in the Proceeds of Crime Act (POCA) 2002. These serious criminal offences are designed to prevent criminals dealing in any way with the proceeds of criminal conduct.

### **2.3. Primary Substantive Offences**

There are three primary offences which any person may commit:

- Concealing, disguising, converting, transferring the proceeds of crime or removing the proceeds of crime from the jurisdiction
- Entering in to or becoming concerned in an arrangement which a person knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of the proceeds of crime; and
- Acquiring, using or possessing the proceeds of crime

- 2.4. POCA applies to all legal persons, individual and corporate, irrespective of the nature of their business or whether they are engaged in business at all. Offences of money laundering can attract prison sentences of up to 14 years.

- 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. Secondary Substantive Offences**

Secondary offences are concerned not with the primary money laundering conduct but with a person’s action or failure to act upon suspecting potential money laundering;

- Prejudicing an investigation (S342 of POCA); is committed where a person knows or suspects that an investigation in connection with alleged money laundering has or is about to be commenced in respect of another person but nonetheless makes a disclosure to any other person which is likely to prejudice any such investigation or interferes with material which is likely to be relevant to such investigation.

## 2.7. Terrorism Act Offences

The Terrorism Act applies to dealings with funds used to finance or otherwise support terrorism. The primary terrorist finance offences are set out in sections 15-18 of the act and are similar to those in POCA;

- S15 & 16 – Inviting, receiving, providing or possessing money or other property intending or having reasonable cause to suspect that it may be used for the purposes of terrorism.
- S17 – Entering in to or becoming concerned in an arrangement as a result of which money or other property is made available or is to be made available to another and which the alleged offender knows or has reasonable cause to suspect will or may be used for the purposes of terrorism.
- S18 – Entering into or becoming concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property by concealment, removal from jurisdiction, transfer to nominees or in any other way.

## 2.8. Secondary Offences

- S39 – Prejudicing an investigation offence is committed where a person knows or has reasonable cause to suspect that another person's suspected involvement with terrorist financing has been disclosed to the relevant UK investigatory authorities, or that an investigation in connection with alleged terrorist finance offences has or is about to be commenced in respect of another person, but nonetheless makes a further disclosure to another person which is likely to prejudice any investigation which might be conducted in light of that original disclosure or interferes with material which is likely to be relevant to such investigation.
- S19 – Failure to disclose offences arise if a person acting in the course of a trade, profession, business or employment outside the regulated sector believes or suspects that another person has committed, or has attempted to commit, a primary terrorist finance offence but fails to disclose that belief or suspicion to a relevant officer (PSD).

2.9. It is impossible to provide a definitive list of ways in which to spot money laundering. At all times staff should;

- Be wary of unusually large cash transactions
- Be wary of the absence of an obvious legitimate source of funds
- Be wary of receipt of funds in excess of those invoiced and thus requiring a substantial refund
- Be alert to the possibility of money laundering by trading partners or prospective trading partners

2.10. The various stages of money laundering are termed placement, layering and integration:

- Placement – 'dirty money' is placed directly into the financial system.

- Layering – the proceeds are then moved through a series of financial transactions, making it harder to establish their origin.
  - Integration – the money launderer creates a legitimate explanation for the source of the funds allowing them to be retained, invested into the legitimate economy or to acquire assets.
- 2.11. Appendix 2 gives a list of some possible signs of money laundering that may be helpful to staff to enable them to spot money laundering.
- 2.12. The money laundering offences are aimed by legislators at criminals and their associates but any person can be caught by the offences if they suspect money laundering and either become involved with it in some way or do nothing about it. It is not necessary to have benefitted in any way to be guilty of the offences.
- 2.13. Potentially any member of staff could be caught by the money laundering provisions and this Policy sets out how any concerns should be raised.
- 2.14. The key requirement for PCC and CC employees is to promptly report any suspected money laundering activity to PSD.
- 2.15. The reporting procedures are given in Appendix 1.
- 2.16. While the risk to the PCC of contravening the legislation is 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.
- 2.17. The Proceeds of Crime Act 2002 and the Terrorism Act 2000 place obligations on the PCC and its employees to establish internal procedures to prevent the use of their services for money laundering. Procedures for cash payments and client due diligence can be found at Appendix 3.
- 2.18. The PCC does not have a statutory duty to comply with these regulations. However, the PCC is committed to following best practice and will therefore establish internal procedures to prevent money laundering in all of its dealings and relationships.
- 2.19. Other sources of reference can be found at Appendix 4.

### **3. Other Related Documents/Appendices:**

- 3.1.
- Appendix 1 – Reporting Procedures
  - Appendix 2 – Possible Signs of Money Laundering
  - Appendix 3 – Procedures for Cash Payments and Client Due Diligence
  - Appendix 4 – Further Information

### **4. Monitoring/Review:**

- 4.1. Approval of this policy

This policy is a requirement of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption 2014.

- 4.2. This policy will be subject to review to ensure it remains current and monitored annually. The Force Chief Finance Officer will do this. The Force Risk Management Board maintains oversight of all policies.

## **5. Who to contact about this policy:**

- 5.1. This policy is owned by Force Chief Finance Officer. Any enquires about this policy should be directed to the Force Chief Finance Officer on Ext 47468.

## **APPENDIX 1**

### **REPORTING PROCEDURES**

#### **Protected Disclosures**

Section 337 of the Proceeds of Crime Act 2000 protects employees from liability under any other legislation (e.g. Data Protection Act) when they report suspected money laundering. The conditions are that the information:

- came to their notice in the course of their trade, profession, business or employment; and
- causes them to know or suspect or gives reasonable ground to know or suspect that another person is engaged in money laundering; and
- the disclosure is made to the Professional Standards Department (PSD).

#### **Reporting Suspicions**

Any employee who knows or has reasonable grounds to suspect that any person is engaged in money laundering activity should report their suspicion immediately to PSD.

The only exception to this rule is if the employee is a professional legal adviser and the information has come to their attention in privileged circumstances in which case the employee should report the matter immediately to the Head of Legal Services. The Head of Legal Services will promptly evaluate any disclosure to determine if it should be reported to PSD.

The employee must follow any subsequent directions of PSD. No further enquiries into the matter or any further steps in any related transaction may be taken without authorisation from PSD.

The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. They must not discuss the matter with others or note on a file that a report has been made to PSD in case this results in the suspect becoming aware of the suspicion.

All disclosure reports referred to PSD must be retained by PSD in a confidential file kept for that purpose, for a minimum of six years.

#### **Anonymous Reporting**

Wherever possible, it is best to report concerns through conventional internal routes. By doing this, it gives the force the opportunity to resolve issues quickly and effectively.

There may be times, however, where an individual wishes to report a concern, but does not feel able to do so through the usual internal routes.

The Force has an anonymous confidential reporting system known as Bad Apple and this facility is available for employees of the organisation to report their suspicions about any person they suspect may be involved in money laundering.



The facility is publicised throughout the organisation and officers and staff are encouraged to raise concerns using Bad Apple.

### **Proposed Act or Transaction**

When a proposed act or transaction is a suspected money laundering offence anyone, knowing or suspecting money laundering who is then involved in the act or transaction is guilty of the same criminal offence unless:

- The matter has been reported to PSD and specific authorisation has been received to allow the transaction to proceed.

### **Prejudicing an Investigation**

A money laundering disclosure is strictly confidential. There must be no disclosure or other indication to the person suspected of money laundering. The matter must not be discussed with anyone else or any action taken that may jeopardise confidentiality that a report has been made to PSD. Notes must not be made on client files or records that a disclosure has been made.

Any documentation or evidence concerned with the disclosure should be retained in original form for any subsequent money laundering investigation.

Failure to comply with these requirements could amount to a criminal offence of Prejudicing an Investigation. Section 342 of the Proceeds of Crime Act states that a person may be guilty of this offence if they:

- make a disclosure (to any other person) likely to prejudice the investigation; or
- Falsify, conceal, destroy or otherwise dispose of or permits the falsification, concealment, destruction or disposal of documents which are relevant to the investigation.

## **APPENDIX 2**

### **POSSIBLE SIGNS OF MONEY LAUNDERING**

It is not possible to give a prescriptive guide to spot money laundering but the following signs may be helpful:

- Concerns about honesty, integrity, identity or location of the client.
- Secretive behaviour e.g. refuses to provide information without a reasonable explanation.
- Attempting payment of a substantial sum of cash.
- Transaction which appears uneconomic, inefficient or irrational.
- Illogical third party transactions – unnecessary routing of funds from third parties or through third party accounts.
- Illogical involvement of unconnected third party.
- Funds received prior to completion from an unexpected source.
- Instructions for settlement payments to an unexpected source.
- Significant overpayments and subsequent request for refund.
- Refunds following the cancellation or reversal of an earlier transaction.
- No obvious legitimate source of funds.
- Unusual request for client account details.
- Poor business records or internal accounting controls.

## APPENDIX 3

### PROCEDURES FOR CASH PAYMENTS AND CLIENT DUE DILIGENCE

#### Cash Payments

No payment to the PCC will be accepted in cash if it exceeds £1,000 in a single transaction. Cash is defined as including notes, coins or travellers' cheques in any currency. If officers wish to accept amounts greater than this, then prior approval is required from PSD.

This does not, however, mean that cash transactions below this value will be valid and legal and should not arise any suspicion. Professional scepticism should remain at all times.

#### Client Due Diligence

Employees should be wary of situations where funds flow through the PCC from sources with which it is not familiar. Where the PCC is forming a new business relationship and/or is considering undertaking a significant one off transaction with a new client, evidence of the identity of the prospective client should be obtained before proceeding.

Compliance with the requirements to take client due diligence measures may differ from case to case but must reflect the PCC's risk assessment of the level of risk arising in the particular case.

Client due diligence measures may include:

- Written instructions at the outset of the matter on either the organisation's official letterhead, or an email from the organisation.
- Checking with the client's website to confirm their business address
- Conducting an on-line search via Companies House to confirm the nature and business of the client and confirm the identification of any directors
- Seeking evidence from the key contact of their personal identity, for example, their passport and position within the organisation
- Where the new client is not present or a third party is acting in their absence, additional evidence of identity should be sought to verify the client's credentials.

Client due diligence records should be retained for 5 years after the end of the business relationship.

The PCC should also maintain ongoing monitoring of its business relationships, ensuring transactions are consistent with the PCC's knowledge of the client.

Procedures also need to cover the identification and scrutiny of complex and unusually large and unusual patterns of transactions that have no apparent economic or legal purpose and other activities that are thought likely to be related to money laundering or terrorist financing.

**Protective Security Marking:**

NOT PROTECTIVELY MARKED

## APPENDIX 4

### FURTHER INFORMATION

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

- National Crime Agency (NCA) - [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)
- [www.legislation.gov.uk](http://www.legislation.gov.uk) (Home Office) – Proceeds of Crime Act 2002 / Terrorism Act 2000 / Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
- Anti-Money Laundering Practical Guidance for Public Service Organisations published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- CCAB - Anti-Money Laundering (Proceeds of Crime and Terrorism) – Guidance for Accountants – [www.ccab.org.uk](http://www.ccab.org.uk)
- The Law Society - Anti-Money Laundering Guidance and Advice - [www.lawsociety.org.uk/advice/anti-money-laundering/](http://www.lawsociety.org.uk/advice/anti-money-laundering/)

Protective Security Marking:

NOT PROTECTIVELY MARKED

### PRO-FORMA FOR THE INITIAL EQUALITY IMPACT ASSESSMENT (EIA)

This screening document is the first stage in a two-stage process to take a systematic approach to assessing the impact of an activity on equality. An activity may mean a:

- policy or policy review,
- a business case
- a business plan
- a project initiation
- a decision to implement a service
- a decision to decommission a service.

This screening should be completed by the lead person for the activity with assistance from any of the following departments:

- Human Resources (Where appropriate)
- Equality and Diversity

<b>Department:</b>	Force Finance Department	<b>Section:</b>		<b>Person responsible for initial assessment:</b>	FCFO
<b>Name of the Policy to be assessed:</b>	<b>Anti-money Laundering Policy</b>	<b>Date of Assessment:</b>	October 2019	<b>Is this a new or existing policy?</b>	Existing
1. Briefly describe the aims, objectives and purpose of the policy.	The aim of the policy is to ensure the PCCs compliance with anti-money laundering laws and regulations, to assist law enforcement in combating illegal money laundering and to minimise the risk of PCC resources being used for improper purposes.				
2. Are there any associated objectives of the policy? Please explain.	This policy serves to protect PCC and CC employees by making them aware of their personal obligations and to provide them with a mechanism to raise any concerns.				
3. Who is intended to benefit from the policy and in what way?	The PCC and CC employees by making them aware of their personal obligations and to provide them with a mechanism to raise any concerns. POCA applies to all legal persons, individual and corporate, irrespective of the nature of their business or whether they are engaged in business at all.				
4. What outcomes are wanted from this policy?	The Police and Crime Commissioner (PCC) is committed to prevent the PCC and its employees being exposed to money laundering, to identify the risks where it may occur, and to comply with legal and regulatory requirements, especially with regard to reporting suspected cases.				

Protective Security Marking:

NOT PROTECTIVELY MARKED

5. What factors/forces could contribute/detract from the outcomes?	The PCC does not have a statutory duty to comply with these regulations. However, the PCC is committed to following best practice and will therefore establish internal procedures to prevent money laundering in all of its dealings and relationships.		
6. Who are the main stakeholders in relation to the Policy?	The PCC and all employees of Lincolnshire Police		
7. Who implements the policy and who is responsible for the activity?	The DCC and FCFO implements the policy .Together with inputs from PSD.		
8. Is there any likelihood the policy <b>could</b> have a differential impact on racial groups? (including Gypsies and Travellers)	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.
What existing evidence (either presumed or otherwise) do you have for this?	Please see the attached policy.		
9. Is there any likelihood the policy <b>could</b> have a differential impact due to gender?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.
What existing evidence (either presumed or otherwise) do you have for this?	Please see the attached policy.		
10. Is there any likelihood the policy <b>could</b> have a differential impact on due disability?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.

Protective Security Marking:

NOT PROTECTIVELY MARKED

What existing evidence (either presumed or otherwise) do you have for this?	Please see the attached policy.		
11. Is there any likelihood the policy <b>could</b> have a differential impact on people due to sexual orientation?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.
What existing evidence (either presumed or otherwise) do you have for this?	Please see the attached policy.		
12. Is there any likelihood the policy <b>could</b> have a differential impact on people due to their age?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.
12a Is there any likelihood the policy <b>could</b> have a differential impact on Young People and Children?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.
What existing evidence (either presumed or otherwise) do you have for this?	Please see the attached policy.		
12b Is there any likelihood the policy <b>could</b> have a differential impact on Older People?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.
What existing evidence (either presumed or otherwise) do you have for this?	Please see the attached policy.		
13. Is there any likelihood the policy <b>could</b> have a differential impact on people due to their religious belief?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.



Protective Security Marking:

NOT PROTECTIVELY MARKED

What existing evidence (either presumed or otherwise) do you have for this?	Please see the attached policy.		
14. Is there any likelihood the policy <b>could</b> have a differential impact on people due to them having dependants/caring responsibilities?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.
What existing evidence (either presumed or otherwise) do you have for this?	Please see the attached policy.		
15. Is there any likelihood the activity <b>could</b> have a differential impact on people due to Marriage or Civil partnership?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.
What existing evidence (either presumed or otherwise) do you have for this?	Please see the attached policy.		
16. Is there any likelihood the policy <b>could</b> have a differential impact on people due to them being Transgender or Transsexual?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.
What existing evidence (either presumed or otherwise) do you have for this?	Please see the attached policy.		
17. If a differential impact has been identified in 8-16, will this amount to there being the potential for an adverse impact in this policy?	Y	N	<b>Please explain</b> This policy is mainly directed towards the employees of the OPCC and Lincolnshire police staff.
18. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or any other reason?	Y	N	<b>Please explain for each equality heading (question 8-16) on a separate piece of paper</b> N/A

Protective Security Marking:	NOT PROTECTIVELY MARKED
------------------------------	-------------------------

19. If Yes, is there enough evidence to proceed to a full EIA?	YES	<b>NO</b>
20. Date on which Full impact assessment to be completed by.	N/A	

Signed (completing officer)\_\_\_\_Sharon Clark\_\_\_\_\_

Signed (Lead officer) \_\_\_\_\_FCFO Sharon Clark\_\_\_\_\_

Protective Security Marking:

NOT PROTECTIVELY MARKED

### Groups Affected

Please identify the anticipated impact this activity will have on the following population groups.

- Tick the appropriate box and give explanation if so required,
- Please note that there are both likely benefits and adverse impact within the same group
- Any groups highlighted as likely to be adversely affected should be consulted in the second stage Full Impact Assessment if one has been identified as being needed.

	Likely to Benefit	No Impact	Adverse Impact
<b>Disability</b> - Physical ,Sensory, Learning Disability, Mental Health, Carers		X	
<b>Gender</b> - Male , Female		X	
<b>Transgender</b>		X	
<b>Race</b> - Traveller and Gypsy etc		X	
<b>Sexual Orientation</b> - Lesbian, Gay , Bisexual		X	
<b>Religion and Belief</b>		X	
<b>Age</b> - Young and Old		X	
<b>Marriage and Civil Partnerships</b>		X	