



Report to:

Northwards Housing Board
12th October 2006

Item No:

12e

Title:	Money Laundering Procedures		
Date:	27 th September 2006		
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Confidential:	No		
For: (Please tick action required)	NOTING	DISCUSSION	APPROVAL 3
PURPOSE OF REPORT			
Further to previous discussions, an additional section has been drafted for the Fraud Policy to cover Money Laundering Procedures.			
RECOMMENDATION			
The Board are asked to approve the additional section to the Fraud Policy.			
IMPLICATIONS			
Equality & Diversity:	None directly		
Financial:	The Fraud Policy plays a key role in the overall financial management of the organisation		
Staffing:	None directly		
Decency Target:	None directly		
Governance:	None directly		
Risk Assessment:	Not a primary risk area.		

Equality & Diversity Implications (Please tick where relevant):

BME	<input type="checkbox"/>	Lesbian/Gay/Bisexual/Transgender	<input type="checkbox"/>
Elderly	<input type="checkbox"/>	Single Parents	<input type="checkbox"/>
Young	<input type="checkbox"/>	Domestic Violence	<input type="checkbox"/>
Disability	<input type="checkbox"/>	Alcohol / Drug Mis-users	<input type="checkbox"/>

Consultation/Consideration:

	Yes, No or N/A:	Name:	Date:
Sub-Committee:	Yes	Resource & Governance	26 th September 2006
Area Panel:	No		
Task Groups:	No		
Ward Councillors:	N/A		

MONEY LAUNDERING PROCEDURES

1. Northwards Housing is committed to effective Money Laundering procedures which:
 - encourage prevention;
 - promote detection;
 - identify a clear pathway for reporting;
 - take positive action on suspected cases of money laundering.

Relevant Legislation

2. Money laundering is the term used by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activities. The money laundering legislation applicable in the United Kingdom is contained within the Proceeds of Crime Act 2002 (the "PCA") and the Money Laundering Regulations 2003 (the "2003 Regulations").
3. Section 328 of the PCA provides that:

"A person commits an offence [money laundering offence] if he/she enters into or becomes concerned in an arrangement which he/she knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person".
4. This means that assisting a money launderer, tipping off a money launderer or simply failing to report a suspicion is a criminal offence.

Internal Control Policy

5. Northwards' money laundering procedures comprise the following points:
 - i. the identity of new clients is verified and evidence of identification for existing clients is maintained;
 - ii. records of client identification are maintained together with records of any transactions undertaken for each client;
 - iii. an internal money laundering reporting officer (a "MLRO") is appointed by the company (the Director of Business Services), and that internal reporting procedures are implemented;

- iv. employees are trained to ensure that they know the relevant legislation, how to recognise and deal with any potential money laundering and how to report any suspicions to the MLRO;
- v. internal procedures designed to forestall and prevent money laundering are established and that the relevant individuals are aware of those procedures; and
- vi. all suspicions of money laundering are reported to the NCIS.

Identification Procedures

6. It is essential that detailed information is taken from tenants/prospective tenants at the outset. Identification is required at the time of the signing of the tenancy agreement.
7. Identification must always be in two parts comprising name/signature verification and confirmation of current permanent address including postcode. Separate documents must be obtained for each part of the identification (e.g. passport, driving licence, pension/allowance book and for an address, a utility bill).

Record Keeping Procedures

8. Copies of evidence obtained must be held for five years following the termination of the relationship.
9. Supporting evidence of customer transactions must be retained for five years.

Procedures for Recognising and Reporting

10. There are a number of signs which should raise concern. For example:
 - Someone is reluctant to provide information about themselves and their business, which is needed to complete verification procedures
 - They provide information which then proves difficult to verify
 - They suddenly operate with cash payments when they normally conduct their affairs with cheques and other non cash instruments
 - They unexpectedly pay off outstanding debts by cash or other means where the source of funds is unclear
 - They appear disinterested in reducing court or other costs
 - They make unexplained large payments
 - Cheques are drawn on foreign or offshore bank accounts
 - Payments are made in numerous small transactions so that the total of each is unremarkable but the total of all payments is significant
 - Payments include counterfeit notes
 - Problem rent accounts are repaid unexpectedly or when an account reaches a large arrears position
11. Any suspicion of money laundering, involving a sum of £1,500 or more, should be reported to the Money Laundering Reporting Officer (MLRO) who will act as a

NORTHWARDS HOUSING FRAUD POLICY



contact point for reporting any suspicions to the National Criminal Intelligence Service (NCIS). Northwards' MLRO is Steve Wood, Director of Business Services, 6th Floor Hexagon Tower, Crumpsall Vale, Blackley, Manchester, M9 8ZS (0161 227 3018).

12. If you know or suspect a money laundering offence is being committed you must record this and pass the information to Northwards' MLRO (Steve Wood, Director of Business Services).

Training

13. Basic training will be given to all new staff.
14. More specialised training will be given to the MLRO and staff involved in transactions which could be affected by money laundering.