

Anti-Money Laundering Policy		 
Security Classification	OFFICIAL	
Disclosable under Freedom of Information Act 2000	Yes	

POLICY	
REFERENCE NUMBER	WMP182
VERSION	1.0

POLICY OWNERSHIP	
DIRECTORATE	OPCC
BUSINESS AREA	

INITIAL IMPLEMENTATION DATE	December 2021
LATEST REVIEW DATE	July 2026
NEXT REVIEW DATE:	July 2029
RISK RATING	LOW
EQUALITY ANALYSIS	LOW

West Mercia Police welcome comments and suggestions from the public and staff about the contents and implementation of this policy.
Please e-mail SPIPolicyandprocedure@westmercia.police.uk

Handling Instructions

This document must be handled and stored according to the Government Security Classifications guidance. Neither the document nor any of its contents may be disseminated further without the permission of the Information Asset Owner.

(Document view should be changed to suit individual needs – click Design, Page Colour, Choose page background colour).

POLICY TEMPLATE

1.0 POLICY OUTLINE

- 1.1 The Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) place obligations on the Police and Crime Commissioner, the Chief Constable and their employees (staff and officers) to establish internal procedures to prevent the use of their services for money laundering.
- 1.2 This policy applies to all employees of the organisations and aims to maintain the high standards of conduct which currently exist within the organisations for preventing criminal activity through money laundering. The policy outlines the controls, responsibilities, and procedures implemented by West Mercia to prevent, detect, and report money laundering and terrorist financing in compliance with UK legislation. This policy is mandatory for all employees, contractors, and agents.
- 1.3 The policy should be read alongside West Mercia's Corporate Governance Framework, the Anti-Fraud and Corruption Strategy, the OPCC Whistleblowing Policy and the WMP Whistleblowing Policy
- 1.4 Failure by an employee to comply with the procedures set out in this policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with through the organisations' disciplinary policy.

2.0 IMPLICATIONS of the POLICY

- 2.1 Money laundering is a term used which relates to offences involving the proceeds of crime or terrorism funds. The following are defined as primary acts of money laundering:
 - Concealing, disguising, converting, transferring criminal property or removing from the UK (section 327 of the Proceeds of Crime Act (POCA) 2002).
 - To enter into or become concerned in arranging a transaction which you know or suspect will assist the acquisition, retention, use or control of criminal property or on behalf of another person (POCA section 328).
 - Acquiring, using or possessing criminal property (POCA section 329).
- 2.2 There are also two secondary offences
 - The failure to disclose any of the three primary acts
 - Tipping off - where someone informs a person or persons involved in, or suspected to be involved in money laundering acts, in such a way as to reduce the likelihood of their being investigated.
- 2.3 Potentially any employee could be caught by the money laundering provisions if they suspect money laundering and either become involved in it or fail to do something about it. It is not an offence if the persons involved did not know or suspect that they were dealing with the proceeds of crime, or if they make a report of the suspicious activity is made promptly to the Money Laundering Reporting Officer (MLRO).
- 2.4 While the risk to the organisation of breaching legislation is considered to be low, it is important that all employees are aware of their responsibility to report any suspicions of money laundering activity. All employees are responsible to act promptly and report any suspicions to the MLRO.

2.5 In support of this policy the organisation will make all employees aware of the requirements and obligations placed on the authority and on themselves as individuals by anti-money laundering legislation and give targeted training where deemed necessary.

3.0 WHAT IS MONEY LAUNDERING?

- 3.1 Money laundering is where money obtained, as a result of a crime, is used to pay for services or goods. Although the term 'money laundering' is usually associated with organised criminal activities, it can include a suspicion that someone you know, or know of, is benefiting financially from dishonest activities, e.g. nonpayment of income tax. The definition has been applied to terrorist financing, where the collection or provisions of funds is with the intention or knowledge that they will be used for terrorism.
- 3.2 People involved in handling criminal property look for ways to secure and safeguard the proceeds of their criminal activities. Although other ways exist, cash is the mainstay of criminal transactions, being the most reliable and flexible, and having little or no audit trail.
- 3.3 Criminals invest cash in financial products with a view to selling them quickly (if necessary, at a loss). In the UK, common methods of money laundering include:
- Though the purchase of property
 - Investment in front companies
 - Utilising trusts, because of their secretive nature and flexibility, often using front companies to hide identities
 - High cash turnover businesses (often legitimate businesses)
 - Gambling large amounts at relatively low odds, since winnings are usually received in the form of cheque payments
 - Purchasing assets, other than property, including jewellery, artwork, antiques, cars and boats
 - Large cash payments
 - Cash refunds on credit Cards
 - Overpaying invoices and fees and then requesting repayment.
- 3.4 Criminals use 'layering' to confuse the audit trail. This involves passing transactions through several stages, often eventually banking the proceeds of business income and transferring the money overseas to a country whose regulatory regime is weaker.

4.0 THE PENALTIES for MONEY LAUNDERING

- 4.1 Money laundering offences may be tried at a magistrates' court or in the Crown Court, depending on the severity of the suspected offence. Trials at a magistrates' court can attract fines of up to £5,000, up to 6 months in prison, or both.
- 4.2 In a Crown Court, fines are unlimited and with possible prison sentences of between two to 14 years.

5.0 MONEY LAUNDERING CONTROLS AND SYSTEMS

- 5.1 Fundamental principles that govern West Mercia's financial activities are set out in the Corporate Governance Framework.
- 5.2 Cash Transactions – Where possible West Mercia will receive payments for goods or services through digital payment methods. These payments should be promoted.

OFFICIAL

Employees should not accept any cash transactions (including cheques) and should refer the payee to the digital payment channels.

West Mercia does allow cash payment for a good or service to be taken, when no other form of payment can be made, by nominated individuals within the organisation. In such circumstances the payee should be referred to these nominated individuals, who are required to have knowledge of and comply with the Cash Handling Policy.

For further guidance on the treatment of seized cash, reference should be made to the Seized, Lost & Found Property Policy.

Employees must report any cash transactions over £5,000 to the Chief Financial Officer (or nominated deputy) for consideration of legitimacy of the transaction. To help prevent money laundering, a cash payment limit of £7,500 has been set. No cash payments above this level will be accepted. This is not designed to prevent customers making payments for fees and services, but to minimise the risk of money laundering to protect both employees and the organisation.

5.3 Digital Transactions - Where a transaction has been made via a card payment and a refund is requested then the refund can only be made to the original Payment Card that was used. Refunds cannot be made to any other bank accounts than the original payment method, or as a separate cheque payment.

5.4 Purchase of Assets - If the matter involves a proposed transaction (e.g. the sale of property) you should not proceed with the transaction without following the procurement rules regarding authorisation of sale of asset.

5.5 Undertaking Regulated Business – These are categorised as accountancy, audit and tax services and legal services regarding financial, company or property transactions. Where any of these services are being provided and as part of this:

- Forms an ongoing business with a client
- Undertakes a one-off or occasional transaction amounting to £15,000 or more whether carried out as a single transaction or several linked ones
- Suspects money laundering or terrorist activity Then the Customer Due Diligence (CDD) procedure must be followed as before any business is undertaken with that client. There are further enhanced due diligence requirements when dealing with certain countries. complex or unusual transactions. Further information on responsibilities is set out on by the Financial Conduct Authority (www.fca.org.uk).

Due to the nature and stringent guidelines for regulated business, employees involved in relevant activity will be aware if their duties involve regulated activities.

West Mercia does not routinely provide these services as part of its day-to-day activities, and expectation is that appropriate external support would be procured to assist with such activities. Third parties representing West Mercia are expected to have knowledge of and be compliant with this policy and all regulations and laws.

6.0 RESPONSIBILITIES

6.1 Designated in Financial Regulations, the Treasurer to the Police and Crime Commissioner is designated as the Money Laundering Reporting Officer (MLRO) for West Mercia. In the

OFFICIAL

absence of the Treasurer, the Head of Finance for West Mercia Police is authorised to deputise as the MLRO.

- The MLRO must promptly evaluate any Disclosure Report to determine whether it should be reported to the National Crime Agency (NCA).
- The MLRO must, if they so determine, promptly report the matter to the NCA on their standard report form and in the prescribed manner. The latest forms can be found at www.nationalcrimeagency.gov.uk.
- All disclosure reports referred to the MLRO and reports made to NCA must be retained by the MLRO in a confidential file for a minimum of 5 years.
- If the MLRO fails to disclose as soon as practicable that 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 they will have been considered to have committed a criminal offence without reasonable grounds.

6.2 Any employee who suspects money laundering activity is taking place or that their involvement in a matter may be prohibited under the legislation is required to take the following actions.

- Do not tell the customer about your suspicions.
- Report your suspicions immediately to West Mercia's MLRO.
- Keep all records relating to the transaction(s). If you are unsure about what records or information to keep, please ask the MLRO.

6.3 The employee must follow any subsequent directions from the MLRO 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.

6.4 The employee should not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. They must not discuss with others or note on a file that suspicions have been raised with the MLRO in case this makes the person(s) aware.

8.0 CONSULTATION

<i>Business Lead Consulted - NAME</i>	<i>Date Consulted</i>
West Mercia OPCC Chief Executive - Gareth Boulton	March 26
West Mercia Police Head of Finance - Rachel Aide	March 26
West Mercia Police Business Operations Manager – Mel Taylor	March 26
<i>Chief Officer Consulted – permission to go to Critical Friends - NAME</i>	<i>Date Consulted</i>

9.0 DOCUMENT HISTORY

The history and rationale for change to policy will be recorded using the below chart:

Date	Author / Reviewer	Amendment(s) & Rationale	Date of Approval / Adoption
-------------	--------------------------	-------------------------------------	------------------------------------

Oct 2021	Paul Benfield	To review and update the policy unique to WMP/OPCC	Published in advance of JNCC final approval in Feb 2022
March 2026	Paul Benfield	Review legislation and updated to reflect changes Minor changes to refer to other relevant policies that are in place.	

10.0 ASSESSMENT AND ANALYSIS

The Equality Analysis (EA), Health & Safety Assessment (HAS) and Risk Assessment (RA) associated with this document are available on request.

11.0 DATA PROTECTION IMPACT ASSESSMENT

Is a DPIA required? – No, Agreed with Audit, Risk and Compliance on 8th Nov 2021.

12.0 MONITORING / EVALUATION

The Monitoring and review of this policy is the responsibility of the policy owner.

FURTHER INFORMATION – LEGISLATION

1. Proceeds of Crime Act 2002 (POCA)

POCA is one of the UK's primary laws used to prosecute money laundering. It:

- Defines key money-laundering offences including **concealing, disguising, transferring, or using criminal property**.
 - Grants authorities strong **asset recovery powers**, including tracing, freezing, seizure, and confiscation.
 - Requires regulated businesses to file **Suspicious Activity Reports (SARs)** and mandates disclosure when money laundering is suspected.
 - Forms the backbone of the UK's criminal enforcement regime.
-

2. Terrorism Act 2000

This legislation addresses terrorist financing and sits alongside POCA and the MLRs. It criminalises:

- Raising, possessing, or using funds for terrorism
 - Failure to report suspicions related to terrorist financing.
-

3. Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (MLR 2017)

These regulations set the operational AML obligations for firms, including:

- **Customer Due Diligence (CDD)** and **Enhanced Due Diligence (EDD)**
 - **Risk assessments** and ongoing monitoring
 - **Record-keeping** for a minimum of five years
 - Appointment of a **Money Laundering Reporting Officer (MLRO)**
 - Requirements for financial institutions, accountants, trust or company service providers, estate agents, cryptoasset businesses, etc.
-