

## **FIRM'S POLICIES AND PROCEDURES**

The firm is required to establish and maintain appropriate and risk-sensitive policies and procedures in order to prevent activities related to:

- Money laundering and terrorist financing; including
- Bribery; and
- The facilitation of tax evasion.

The following policies are designed to help tailor the manual for our firm.

### **Policy statement**

The firm has a policy of zero tolerance to any involvement in money laundering, including bribery and the criminal facilitation of tax evasion when dealing with the firm's own or our client's affairs. All principals, employees and any sub-contractors used by the firm are therefore required to comply with the code of ethics of including Professional Conduct.

All principals, employees and any sub-contractors are expected to report any knowledge or suspicion of money laundering, including bribery and tax evasion, to the firm's MLRO in accordance with their statutory obligations.

### **Risk assessment and management**

The main risks facing the firm are:

- Involvement of clients in:
  - Tax evasion such as understatement of income, overstatement of expenses or claiming reliefs to which they are not entitled.
  - Offences under the Fraud Act 2006, such as using false accounts to support an application for a loan.
  - Offences under the Theft Act, such as clients deliberately refraining from notifying customers of overpayments.
  - Offences under the Bribery Act 2010, such as making facilitation payments when working overseas.
  - Failure to report suspicion or knowledge of such involvement to the firm's MLRO by a principal, employee or sub-contractor of the firm.
  - Deliberate facilitation of tax evasion by a client by a principal, employee or sub-contractor of the firm.

Whilst the likelihood of encountering instances of money laundering other than

tax evasion or even terrorist financing may be minimal, principals, staff and sub-contractors must remain alert to such eventuality.

Principals, staff and sub-contractors must also be alert for complex or unusually large transactions and unusual patterns of transactions which have no apparent economic or visible lawful purpose.

Similarly, principals, staff and sub-contractors must identify situations where the client is using products and transactions which might favour anonymity (such as Panamanian companies), recognise the increased risk of money laundering or terrorist financing that these products and transactions produce, and take additional measures, where appropriate.

All know your client forms and customer due diligence forms should record the client's risk profile.

Risk assessments will be undertaken and documented prior to any new business practices or technology updates being implemented.

Senior management approval should be obtained before establishing or continuing a business relationship with any high-risk clients.

#### **Firm level risk assessment**

In conjunction with the senior management of the firm the MLRO should prepare and keep up to date a risk assessment for the firm that assesses the risks faced by the firm as identified above relevant to its client base. This assessment should also consider risks identified by the firm's regulator for AML purposes and the National Risk Assessment.

#### **Customer due diligence measures**

The standard approach to verifying the identity of individuals will be (in order of preference):

- Online checks carried out or
- Copies of passports or photo driving licences; or
- Other documents as appropriate

When carrying out enhanced due diligence on individuals, the standard approach should be enhanced with at least one additional piece of evidence of identity.

Before the first regulated activity for the client is undertaken staff should check that:

1. A risk assessment taking account of risks identified in the firm's own risk assessment has been completed and updated where necessary.
2. Existing evidence of identification for the client is up to date. If not, it should be updated.
3. Existing list of principals (directors, partners, trustees, etc.) is up to date. If not, it should be updated.
4. Depending on the risk assessment in '1', the file contains adequate information to satisfy us on the identity of the principals
5. Where the client has beneficial owners, the details of all beneficial owners are fully recorded and up to date.
6. Depending on the risk assessment in '1', the file contains adequate information to satisfy us that we know who any beneficial owners are.
7. Know your client forms exist and are up to date.
8. The client's risk assessment in '1' remains up to date and appropriate.

As part of the firm's customer due diligence procedures, consideration must be given to establishing whether the client is a politically exposed person, or a family member or close associate of a politically exposed person or is included on a sanctions list.

Because of the increased risk involved the firm will not seek to rely on customer due diligence evidence obtained by others. Instead, where we are acting for a mutual client who has already provided adequate customer due diligence to a financial or credit institution, firm of accountants or a lawyer, we should seek certified copies of that evidence in an attempt to avoid requiring the client to produce identification evidence again.

Similarly, we will not allow other firms to rely on our customer due diligence evidence. However, if we are acting for a mutual client, we will normally provide the other firm with certified copies should they ask for them.

Ongoing monitoring

We must maintain appropriate ongoing monitoring of all client transactions to prevent activities related to money laundering and terrorist financing. This applies even where the client qualifies for simplified customer due diligence measures.

In future years, steps 1 to 8 in the customer due diligence section should be reviewed to ensure the information held is still appropriate.

**Reporting of suspicious transactions**

All principals and staff must report knowledge or suspicion of money laundering (including bribery and tax evasion), whether it relates to clients or anyone else. Before deciding that a potentially suspect activity is not suspicious, you should consider whether the information you have might provide “reasonable grounds for knowledge or suspicion”.

If in doubt, discuss your concerns with the firm’s MLRO [name of MLRO] or deputy MLRO [name of deputy MLRO].

### **Avoiding tipping off**

In the event of a report being made to the MLRO or to NCA, or to any other person authorised to receive disclosures including the police and HM Revenue & Customs, under no circumstances must the client be informed. This means that the client must not be made aware that a report has been made. It also means that the client should not be made aware if an investigation into allegations that a money laundering offence has been committed is being contemplated or carried out.

If it appears to be necessary to disclose the existence of a report or an actual or contemplated investigation to any other person (i.e. not the client) then the MLRO must be consulted before any disclosure is made.

### **Record keeping**

We will keep full records of:

- Customer due diligence checks
- Details of beneficial ownership
- Know your client forms
- Evidence of staff training
- Internal reports to the MLRO
- External reports to NCA
- The firm’s risk assessment
- The firm’s compliance checks
- Transaction files
- All actions taken to identify the beneficial owners of clients

All such records shall be retained for at least six years. The latest records of customer due diligence checks, details of beneficial ownership and know your client forms for clients with whom we had a business relationship will be kept for at least six years from the end of the relationship.

## **Training**

All relevant staff must receive adequate training on:

- The Money Laundering Regulations 2017.
- The Proceeds of Crime Act 2002.
- The Terrorism Act 2000, and related anti-terrorism legislation.
- The Bribery Act 2010.
- The Criminal Finance Act 2017.

They should also be made aware of the firm's policies and procedures to prevent bribery, the facilitation of tax evasion, money laundering and combating terrorist financing.

Staff should also be given regular updates on identifying and dealing with suspicious transactions. This will generally be at least annually.

New staff should receive introductory training as part of their induction process, unless they can demonstrate adequate knowledge as a result of training in previous firms. Nevertheless, they must be made fully aware of the firm's policies and procedures.

External agents that are used to identify and/or mitigate the risk of money laundering and terrorist financing in the practice or for prevention and/or detection of money laundering and terrorist financing in relation to the practice should receive relevant training and a record of this training maintained.

## **Internal control, monitoring and management of compliance**

The MLRO (who is also the AML Compliance Officer for the purposes of compliance with the 2017 Money laundering Regulations) remains responsible for managing the firm's reporting procedures, liaising with NCA where consent is required, keeping the firm's policies and procedures up-to-date and communicating those policies and procedures to principals, staff and sub-contractors. The MLRO also has overall responsibility for ensuring that the firm's policies and procedures are complied with. This will involve periodic testing (at least annually) of the firm's systems, including reviewing relevant records to ensure that the policies and procedures are operating properly.

All principals and managers are responsible for ensuring that these policies, together with the accompanying procedures in the manual are followed for their clients.

The staff principal is responsible for ensuring that all principals and relevant staff have received adequate training and are aware of the firm's policies and procedures.

**Internal communication of such policies and procedures**

The firm's procedures are to be found on / at ... [specify location, and whether in electronic or paper form].

All principals, staff and sub-contractors will sign an annual "Awareness of money laundering procedures" form to confirm that they have had the relevant training and will comply with the firm's procedures.