



Prevention of Financial Crime Policy

1. Aim of policy

We are committed to preventing, detecting and guarding against the impacts of financial crimes and reporting about these appropriately. This policy outlines how we do this and applies to the whole VIVID group, except Bargate who maintain their own policy.

We have a zero-tolerance approach to all forms of financial crime committed by staff, board members, formally involved customers, volunteers and other organisations or individuals we work with or who act on our behalf. We expect all these individuals and organisations to follow this policy.

We aim to uphold legislation and regulation relating to financial crime, including:

- Bribery Act 2010;
- Computer Misuse Act 1990;
- Criminal Finances Act 2017;
- The Money Laundering, Terrorist Financing & Transfer of Funds (Information on the Payer) Regulations 2017 (MLR);
- Fraud Act 2006;
- Prevention of Social Housing Fraud Act 2013;
- Proceeds of Crime Act 2002 (PoCA);
- Serious Crime Act 2015;
- Terrorism Act 2000.

2. Definitions of financial crimes

Bribery is offering, giving or accepting money or something of value for influence or action in return.

Corruption is dishonesty or fraud by people in authority, typically involving bribery.

Financial cybercrime is a criminal activity carried out by means of computers and/or internet. It includes unauthorised access, sabotage or use of computer systems with the intention to cause financial gain to the perpetrator or financial loss to the victim.

Fraud is wrongful or criminal deception for personal or financial gain.

Money laundering is the process by which money or other assets obtained through crime is exchanged for clean money or assets without an obvious link to the money's criminal origins.

Tax evasion is the offence of cheating the public revenue (e.g. HM Revenue & Customs (HMRC) and other taxation authorities) or fraudulently evading tax.

Tax evasion facilitation is where an individual or entity deliberately and dishonestly facilitates tax evasion.

Terrorist financing is the provision of funds or financial support to terrorists, usually associated with money laundering.

Theft is dishonestly appropriating property belonging to another person with the intention of permanently depriving them of it.



3. Policy

We prevent and mitigate **Financial Crime** through:

- our Rules which provide a governance framework; we make charitable donations in accordance with our Rules;
- maintaining annually reviewed:
 - standing orders which set out how our Board will work and what authority they have delegated to sub-committees or the Executive team;
 - financial regulations including delegated authority limits;
 - intra-group agreements which set out agreed terms, roles and responsibilities between VIVID and our subsidiaries
 - internal financial processes and controls for income, purchases, payments, property and investments and monitoring these for compliance;
 - compliance with our code of governance;
 - procurement procedures and an approved list of contractors and consultants. We conduct due diligence on suppliers at tender stage and throughout our relationship. Suppliers are required to put in place appropriate measures to prevent financial crimes occurring. We provide clear statements of the services and relevant payments to be made in the contracts. We make a provision for termination where any such crime has been committed;
 - code of conduct, conflict of interest procedure and gifts and hospitality procedure and register;
 - prevention of financial crime procedure;
 - speak up policy and procedure to facilitate whistleblowing and provide guidance on investigating;
- reviewing management accounts at Executive team monthly and Board a minimum of six times a year;
- keeping quarterly reviewed and assessed operational and strategic risk registers where risks relating to financial crime are recorded and kept up to date, as determined in our risk management policy which is annually reviewed by Audit and Risk Committee (ARC);
- consideration of risks as part of every new project, business activity, business processes change or new technology through capital proposals to the Project Approvals Committee (PAC) and project risk registers;
- undertaking a schedule of internal audits to ensure operational risk controls are functioning on a quarterly basis and specialist deep dive audits to examine effectiveness of specific areas of the business. Agreed by ARC annually and reviewed at every ARC meeting;
- maintaining crime insurance;
- Heads of Service and the Executive team reviewing a six-monthly legal update report to help identify any threats of financial crime in the social housing sector and wider business community;
- keeping a Fraud Register which is a standing item at every ARC meeting, providing our regulator with an annual fraud losses report through the NROSH+ portal within 6 months of the end of the financial year and reporting material fraud at the earliest opportunity to the regulator;
- ensuring that any Joint Ventures we enter are managed through a written contract;
- mandating staff to read and comply with this policy.



We specifically prevent and mitigate against **Bribery, Corruption and Theft** informed by principles of the Bribery Act:

- Proportionality – our prevention of financial crime policy and procedure consider bribery and our activities are proportionate to our size and sector risk. Our policies are approved by the appropriate level of authority annually as specified by our policy framework.
- Top level commitment – our Board is committed to preventing bribery associated with VIVID. They foster a culture within VIVID in which bribery is unacceptable. We publicise our approach to preventing financial crime on our intranet and website.
- Risk assessment – we understand and keep up to date with bribery risks through quarterly risk assessments.
- Due diligence – we take steps to understand those who perform services on our behalf in order to mitigate bribery risks through our procurement procedures.
- Communication – we communicate our prevention of financial crime policy and procedure publishing them on our intranet and/ or website.
- Monitoring and review – we monitor and review our prevention of financial crime policy and procedure annually and make improvements where necessary.

We specifically prevent and mitigate against **Money laundering (including terrorist financing)**:

- Registration – we are registered with the HMRC for our estate agency work and the Financial Conduct Authority (FCA) for our consumer credit activities.
- Money Laundering Reporting Officer (MLRO) - We've appointed the Company Secretary as our MLRO (deputised by the CEO). This is who we report concerns of money laundering to.
- Staff training – all staff have access to training on the primary and secondary criminal offences set out in PoCA and the 2017 AML regulations including how to recognise and deal with situations which may involve money laundering. This is updated every two years or when there is a notable change in the law. This training is mandated for specific roles whose work is relevant to compliance with AML and/ or whose work may contribute to the identification, mitigation, prevention or detection of money laundering such as staff involved in consumer credit, sales and lettings, rent collection.

We can arrange enhanced training for those staff in higher risk areas of the business if required.

- Staff screening - 'Screening' is an assessment of skills, knowledge, and competence to carry out the role and conduct and integrity. We carry out screening of relevant employees before and during employment. This may include undertaking DBS checks. These checks are recorded on their personnel records.
- Due diligence – we conduct due diligence on our transactions as detailed in our prevention of financial crime procedure.
- Reporting of suspicious activity - Where we know or suspect money laundering, we make a disclosure to the MLRO as soon as possible and treat the reporting of such suspicions confidential and securely because we are conscious that failing to disclose knowledge or suspicion of money laundering or tipping off can result in serious criminal penalties for both individual members of staff and for VIVID.



- Record-keeping – we keep documents demonstrating compliance with the regulations in line with our document retention schedule, which is guided by the National Housing Federation document retention schedule.
- Risk assessments and risk management - we conduct quarterly assessments of our exposure to risks, including money laundering risks, and the controls we have in place. We report risks to the ARC at every meeting and the Board every six-months as detailed in our risk management policy.
- Transactions - We risk assess individual transactions and conduct ongoing checks according to the assessment of that risk as detailed in our prevention of financial crime procedure.
- Internal controls – we maintain adequate and appropriate controls to forestall and prevent money laundering. These controls take account of the risk factors which we face, and where activities are outsourced our contracts set out minimum ‘standards’ suppliers must adhere to.
- Independent audit – we have independent external and internal audit functions which examine and evaluate our compliance with the regulations. Board appoints the external auditors annually and ARC appoints, or renews, the internal auditors annually with a full internal audit tender at least every ten years. The assurance plan for internal audits is set annually by ARC then reviewed and updated at every meeting to ensure these audits match our current risk environment as detailed in our risk management policy.

Financial cybercrime

This is managed through our Information systems security and acceptable use policy.

Prevention of facilitation of tax evasion

We publish an annual statement of our position to prevent tax evasion and the measures we take.

4. Responsibilities

The Board

- review our policy annually;
- appoint an MLRO who makes sure we work within money laundering law.

The Audit and Risk Committee

- review reports about financial crime and recommend or approve action;
- ensure adequate systems of internal control are in place to manage and report financial crime.

The Money Laundering Reporting Officer (MLRO)

- ensure that we do background checks on staff who could uncover identify, mitigate, prevent or detect money laundering within their role;
- make sure staff, agents and consultants are appropriately trained in money laundering;
- receive and investigate reports of suspicious activity;
- make quarterly reports to ARC;
- where there are reasonable grounds that there was actual or suspected money laundering, make a Suspicious Activity Report to the National Crime Agency (NCA) as soon as reasonably practicable;
- inform staff who have made a disclosure how to proceed, including when the informant can continue with activity that would be prohibited under PoCA or the MLR;
- suspend activities giving rise to actual or suspected money laundering pending a response from the NCA;
- document the decision taken and any outcomes from the NCA.



Managers

- implement policy in their processes and procedures;
- make sure staff know what's expected of them and are properly trained.

Staff, board members, formally involved residents, volunteers, and others acting on our behalf

- read and comply with this policy and related documents;
- undertake training as necessitated by role;
- report any suspected incidents of financial crime directly to the MLRO.

Author	Owner	Date approved	Review date
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