



ANTI-MONEY LAUNDERING POLICY

1.0 INTRODUCTION

- 1.1 Money laundering is the process by which criminally obtained money or other assets (criminal property) are exchanged for clean money or assets with no obvious link to their criminal origins. It also covers money, however come by, which is used to fund terrorism.
- 1.2 There have been significant changes to the legislation concerning money laundering (the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003 and 2007), which have broadened the definition of money laundering and increased the range of activities caught by the statutory framework.

2.0 SCOPE OF THE POLICY

- 2.1 The Policy aims to maintain and improve upon the high standards of conduct which currently exist within the Council in ensuring the Council does not get used by third parties for the purposes of money laundering.
- 2.2 The Policy sets out the procedures which must be followed to enable the Council to comply with its legal obligations.
- 2.3 This Policy applies to all employees, members, suppliers, individuals on work experience, training or educational placement, agency staff and those contractors working for the Council. The Policy also applies to organisations working in partnership with the Council.
- 2.4 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 in accordance with the Council's Disciplinary Procedures.
- 2.5 Heads of Service and team managers must ensure that all employees are aware of this policy.
- 2.6 This Policy is to be read in conjunction with the Council's Policies on Whistle Blowing and Anti-Fraud and Corruption.

3.0 PURPOSE

- 3.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This Policy has been written so as to enable the Council to meet the legal requirements in a way which is proportionate to the very low risk to the Council of contravening the legislation.
- 3.2 The purpose of this policy is to make all aware of the legislative changes that have been made, their responsibilities regarding these changes, and the consequences of non compliance with this policy.
- 3.3 Potentially any employee could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.

- 3.4 Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation.

4.0 THE MONEY LAUNDERING REPORTING OFFICER

- 4.1 The officer nominated to receive internal suspicious transaction reports known as disclosures about possible money laundering activities within the Council is the Section 151 Officer, i.e. The Money Laundering Reporting Officer (MLRO)
- 4.2 The role of the MLRO is to decide upon the receipt of the internal suspicious transaction reports should be reported to the Serious Organised Crime Agency (SOCA) and if appropriate make such reports to the SOCA.
- 4.3 The Legal Section can also assist and provide advice as required.

5.0 DISCLOSURE PROCEDURE

- 5.1 Any employee who knows, suspects or has reasonable grounds for knowing or suspecting that a person is engaged in money laundering or terrorist financing must report such matters to the MLRO. The disclosure should be within "hours" of the information coming to the employee's attention. **Should the employee not do so, then he/she may be liable to prosecution.**
- 5.2 An employee's disclosure should be made on the form attached in Appendix I.

The form must include as much detail as possible, for example

Section 1 – Is this a suspected offence?

Section 2 - Full details of the people involved (including the employee, if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc;

Section 3 - Full details of the type of transaction being dealt with, the nature of their/your involvement. Provision of following details:

- a completion date or court deadline;
- the dates of such activities, including: whether the transactions have happened, are ongoing or are imminent;
- where they took / are taking place;
- how they were / are being undertaken;
- the (likely) amount of money/assets involved.

Section 4 - Why the employee is suspicious – the SOCA require full reasons, together with any other available information to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable him to prepare his report to the SOCA.

Section 5 – Whether the employee is aware of any investigation already being undertaken by the Council or others in relation to this matter.

Section 6 – For example other staff or team leaders

Section 7 – State full details of who the employee has contacted, their response / guidance / action to be taken.

- 5.3 Once an employee has reported the matter to the MLRO he/she must follow any directions given. **An employee must NOT make any further enquiries into the matter yourself:** any necessary investigation will be undertaken by the SOCA.

- 5.4 Upon receipt of a disclosure report, the MLRO must note the date of receipt on his section of the report and acknowledge receipt of it. He should also advise the employee of the timescale within which he expects to respond to the employee.
- 5.5 The MLRO will consider the report and any other available internal information he thinks relevant e.g.
- reviewing other transaction patterns and volumes;
 - the length of any business relationship involved;
 - the number of any one-off transactions and linked one-off transactions;
 - any identification evidence held; and undertake such other reasonable inquiries he thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the SOCA.
- 5.6 Once the MLRO has evaluated the disclosure report and any other relevant information, he must make a timely determination as to whether:
- there is actual or suspected money laundering or terrorist financing taking place; or
 - there are reasonable grounds to know or suspect that is the case; and
 - whether he needs to seek consent from the SOCA for a particular transaction to proceed.
- 5.7 Where the MLRO does so conclude, then he must disclose the matter as soon as practicable to the SOCA.
- 5.8 Where the MLRO suspects money laundering but has reasonable cause for non-disclosure, then he must note the report accordingly (the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to the SOCA), he can then immediately give his consent for any ongoing or imminent transactions to proceed. Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then he shall mark the report accordingly and give his consent for any ongoing or imminent transaction(s) to proceed.
- 5.9 Where consent is required from the SOCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the SOCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the SOCA.
- 5.10 All disclosure reports referred to the MLRO and reports made by him to the SOCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.
- 5.11 **The MLRO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him, that another person is engaged in money laundering and he does not disclose this as soon as practicable to the SOCA.**
- 5.12 **At no time and under no circumstances should an employee voice any suspicions** to the person(s) whom they suspect of money laundering, even if the SOCA has given consent to a particular transaction proceeding, otherwise the employee may commit a criminal offence of “tipping off” (see the Guidance Note for further details). Do not, therefore, make any reference on a client file to a report having been made to the MLRO. Should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

6.0 CUSTOMER DUE DILIGENCE PROCEDURE

- 6.1 The Council's customer due diligence procedures identify customers before entering into a business relationship or transaction. The Council is required to

- Identify customers and verify their identity
- Identify where applicable the beneficial owner and take adequate measures on a risk sensitive basis to verify their identity
- Obtain information on the purpose and intended nature of the business relationship
- Conduct ongoing monitoring of the business relationship to ensure transactions are consistent with knowledge of the customer and risk profile
- Maintain records of the checks

6.2 The Service Heads to maintain a client identification file of general client identification evidence. The employee to check with this file that the organisation in respect of which he/she requires identification is included and check the precise details contained in relation to that organisation. If the organisation is not included the employee to also then obtain the following additional evidence:

- With instructions from new clients, or further instructions from a client not well known to the employee, he/she may wish to seek additional evidence of the identity of key individuals in the organisation and of the organisation itself: please see the Guidance Note for more information.
- In all cases, the evidence should be retained for at least five years from the end of the business relationship or transaction(s).

6.3 If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further. If there is an unjustified delay in the evidence of identity being obtained from the client or where the client is deliberately not providing the evidence a disclosure will have to be made.

7.0 RECORD KEEPING PROCEDURES

7.1 Each Service Area of the Council conducting relevant business must maintain records of:

- client identification evidence obtained; and kept for 5 years from the completion of the transaction
- details of all relevant business transactions carried out for clients for at least five years from the completion of the transaction. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

7.2 The precise nature of the records are not prescribed by law, however, they must provide an audit trail during any subsequent investigation, e.g. distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In practice, each section of the Council will be routinely making records of work carried out for clients in the course of normal business and these should suffice in this regard.



Disclosure Form - Part 1

Report to Money Laundering Reporting Officer (Section 151 Officer)

DETAILS OF EMPLOYEE :

From _____
(insert name of employee)

_____ **Contact Details** _____
(insert post title and Service)

Date _____

1. Are you dealing with a transaction which might be a prohibited act under Part 7 of the Proceeds of Crime Act 2002 and Money Laundering Act 2007 which requires appropriate consent from the SOCA? Yes No

DETAILS OF SUSPECTED OFFENCE :

2. Identities of the person(s) subject to the enquiry

Name _____

Address _____

Contact Details _____
(If a company/public body please include details of nature of business)

3. Nature and details of activity

(Please include full details of activity e.g. what, when, where, how. Continue on a separate sheet if necessary)

4. Nature of suspicions regarding such activity:

(Please continue on a separate sheet if necessary)

5. To your knowledge has any investigation been undertaken?

If yes please include details below:

Yes No

(Please continue on a separate sheet if necessary)

6. Have you discussed your suspicions with anyone else?

If yes please specify below with whom, explaining reasons for such discussion and the outcome of the discussion:

Yes No

(Please continue on a separate sheet if necessary)

7. Have you consulted any supervisory body for guidance?
(e.g. the Law Society) If yes please provide details:

Yes No

(Please continue on a separate sheet if necessary)

8. Do you feel you have a reasonable excuse for not disclosing the matter to the SOCA? (e.g. are you a lawyer and wish to claim legal professional privilege?)

Yes No

If yes please set out below full details for not wanting to disclose the matter to SOCA ::

(Please continue on a separate sheet if necessary)

9. Please set out below any other information you feel is relevant :

(Please continue on a separate sheet if necessary)

Signed _____ Dated _____

Once completed please forward this form to the Council's MLRO (**Section 151 Officer**). Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence which carries a maximum penalty of 5 years imprisonment.