

ANTI-MONEY LAUNDERING POLICY

**A guide to the Council's anti-money
laundering safeguards and reporting
arrangements**

Version Control

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ANTI-MONEY LAUNDERING POLICY

1. INTRODUCTION

1.1 The Council is committed to the highest possible standards of conduct and has, therefore, put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements. Although local authorities are not directly covered by the requirements of the Money Laundering and Terrorist Financing (Amendment) Regulations 2019, they are bound by the Proceeds of Crime Act 2002 and the Terrorism Act 2006, both of which place a number of duties and responsibilities on local authorities and employees and members of the same, in order that they do not find themselves subject to criminal prosecution.

2. SCOPE OF THE POLICY

2.1 This policy applies to all employees, whether permanent or temporary, and members of the Council. Its aim is to enable employees and members to respond to a concern they have in the course of their dealings for the Council. Individuals who may have a concern relating to a matter outside work should contact the Police.

3. DEFINITION OF MONEY LAUNDERING

3.1 Money laundering is a term designed to cover a number of offences. These offences relate to the improper handling of funds that are the proceeds of criminal acts, or terrorist acts, so that they appear to come from a legitimate source. It relates to both the activities of organised crime but also to those who benefit financially from dishonest activities such as receiving stolen goods. The Proceeds of Crime Act 2002 (POCA), as amended by the Serious Organised Crime and Police Act 2005, creates a range of criminal offences arising from dealing with proceeds of crime.

The four main offences that may be committed under money laundering legislation are:

- concealing, disguising, converting, transferring or removing criminal property from anywhere in the UK;
- entering into or becoming concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
- acquiring, using or possessing criminal property*;
- entering into or being concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property ** by concealment, removal, transfer or in any other way.

It is also an offence to attempt, conspire or incite to commit any of the above offences and to aid, abet, counsel or procure the commission of any of the above offences.

* Criminal property is something which constitutes a person's benefit from criminal conduct or represents such benefit; it is not limited to money and there is no minimum amount.

** Terrorist property includes money or other property likely to be used for terrorism, proceeds of terrorist acts, and proceeds of acts carried out for the purposes of terrorism.

There are also two 'third party' offences:

- failing to disclose information relating to money laundering offences (in respect of both criminal property and terrorist property) where there is reasonable grounds for knowledge or suspicion ***; and,
- tipping off or informing someone who is, or is suspected of being involved in money laundering activities, in such a way as to reduce the likelihood of or prejudice an investigation.

*** It is important to note that whilst the disclosure obligations and tipping off offences in relation to criminal property will not always strictly apply to local authorities all individuals and businesses have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from terrorism, proceeds of acts carried out for the purposes of terrorism or likely to be used for terrorism, where that information has come to them in the course of their business or employment.

3.2 The Terrorism Act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purpose of terrorism, or resulting from acts of terrorism.

3.3 Although the term 'money laundering' is generally used to describe the activities of organised crime for most people it will involve a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

3.4 Potentially very heavy penalties (unlimited fines and imprisonment up to fourteen years) can be handed down to those who are convicted of one of the offences above.

4. REQUIREMENTS OF THE MONEY LAUNDERING LEGISLATION

4.1 The main requirements of the legislation are:

- to appoint a money laundering reporting officer;
- maintain client identification procedures in certain circumstances;
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain record keeping procedures.

5. THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

5.1 The Council has designated the Section 151 Officer as the Money Laundering Reporting Officer (MLRO). She can be contacted on 01530 454707 or at dan.bates@nwleicestershire.gov.uk.

In the absence of the MLRO or instances where it is suspected that the MLRO themselves are involved in suspicious transactions, concerns should be raised with the Deputy Section 151 Officer. She can be contacted on 01530 454492 or at anna.wright@nwleicestershire.gov.uk.

6. CLIENT IDENTIFICATION PROCEDURES

6.1 Although not a legal requirement, the Council has developed formal client identification procedures which must be followed when Council land or property is being sold. These procedures require individuals and, if appropriate, companies to provide proof of identity and current address.

If satisfactory evidence is not obtained at the outset of a matter, then the transaction must not be progressed and a disclosure report, available on the intranet, must be submitted to the Money Laundering Reporting Officer.

All personal data collected must be kept in compliance with the Data Protection Act 2018.

7. REPORTING PROCEDURE FOR SUSPICIONS OF MONEY LAUNDERING

7.1 Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the Act, you must disclose this as soon as practicable to the MLRO. The disclosure should be within 'hours' of the information coming to your attention, not weeks or months.

7.2 Your disclosure should be made to the MLRO using the disclosure form, available on the intranet.

The report must include as much detail as possible including:

- full details of the person involved;
- full details of the nature of their/your involvement;
- the types of money laundering activity involved;
- the dates of such activities;
- whether the transactions have happened, are ongoing or are imminent;
- where they took place;
- how they are undertaken;
- the (likely) amount of money/assets involved; and
- why, exactly, you are suspicious.

Along 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 her to prepare her report to the National Crime Agency (NCA), where appropriate. You should also enclose copies of any relevant supporting documentation.

7.3 If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327-329 of the Proceeds of Crime Act 2002, then your report must include all relevant details, as you will need consent from the NCA, via the MLRO, to take any further part in the transaction – this is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the report if such

consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline.

- 7.4 Once you have reported the matter to the MLRO you must follow any directions she may give you. You must NOT make any further enquiries into the matter yourself, any necessary investigation will be undertaken by the NCA. Simply report your suspicions to the MLRO who will refer the matter on to the NCA if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.
- 7.5 Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, even if the NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise you may commit a criminal offence of 'tipping off'.
- 7.6 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.

8. CONSIDERATION OF THE DISCLOSURE BY THE MONEY LAUNDERING REPORTING OFFICER

8.1 Upon receipt of a disclosure report, the MLRO must note the date of receipt on her section of the report and acknowledge receipt of it. She should also advise you of the timescale within which she expects to respond to you.

8.2 The MLRO will consider the report and any other available internal information she 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 she thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping of those involved). The MLRO may also need to discuss the report with you.

8.3 Once the MLRO has evaluated the disclosure report and any other relevant information, she must make a timely determination as to whether:

- there is an actual or suspected money laundering taking place; or
- whether there are reasonable grounds to know or suspect that this is the case; and
- whether she needs to seek consent from the NCA for a particular transaction to proceed.

- 8.4 Where the MLRO does so conclude, then she must disclose the matter as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless she has a reasonable excuse of non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).
- 8.5 Where the MLRO suspects money laundering but has a reasonable excuse for nondisclosure, then she must note the report accordingly, she can then immediately give her consent for any ongoing or imminent transactions to proceed. In cases where legal professional privilege may apply, the MLRO must liaise with the Council's Monitoring Officer to decide whether there is a reasonable excuse for not reporting the matter to the NCA.
- 8.6 Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question, must not be undertaken or completed until the NCA has given specific consent, or there is deemed consent through the expiration of the relevant time limits in which the NCA must respond and no response has been received.
- 8.7 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then she shall mark the report accordingly and give her consent for any ongoing or imminent transaction(s) to proceed.
- 8.8 All disclosure reports referred to the MLRO and reports made by her to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.
- 8.9 The MLRO commits a criminal offence if she knows or suspects, or has reasonable grounds to do so, through a disclosure being made to her, that another person is engaged in money laundering and she does not disclose this as soon as practicable to the NCA.

9. TRAINING

- 9.1 Officers considered likely to be exposed to suspicious situations, will be made aware of these by their senior officer and provided with appropriate training.
- 9.2 Additionally, all employees and members will be familiarised with the legal and regulatory requirements relating to money laundering and how they affect both the Council and themselves.
- 9.3 Notwithstanding the paragraphs above, it is duty of officers and members to report all suspicious transactions whether they have received their training or not.

10. REVIEW

- 10.1 This policy will be reviewed annually and whenever the relevant legislation changes.