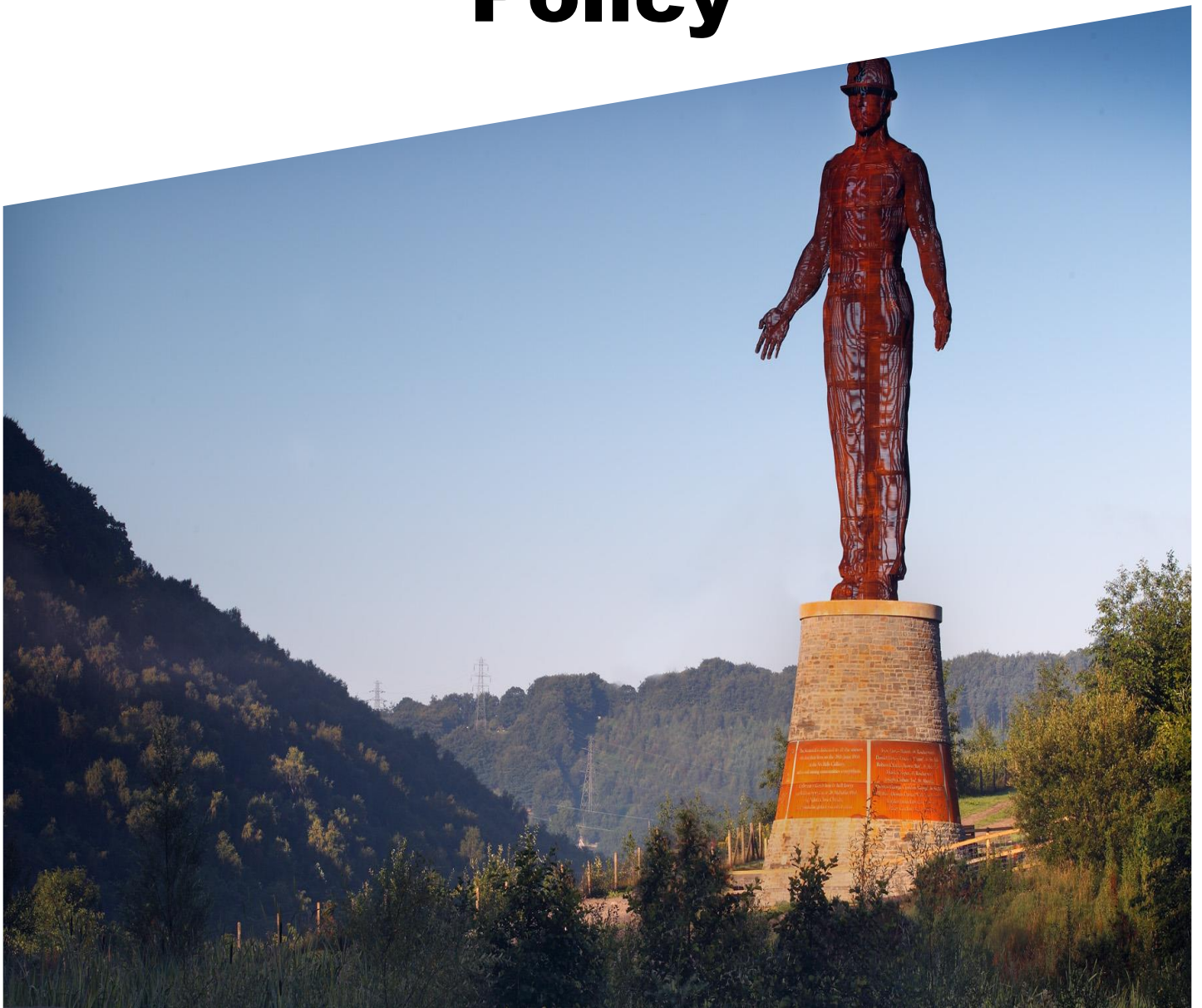


# Anti ‘Money Laundering’ Policy



**INTERNAL AUDIT SECTION**

Issued: December 2020    Review: December 2022

# Version Control

This document is intended for:

- Council staff only     School-based staff only     Council & School-based staff

Version	Key Changes	Approved By
2.0	New format and legislation changes (December 2020)	

This document may be reviewed and amended at any time and without consultation in response to legal requirements, in line with best practice or in response to an organisational requirement and where the changes do not affect the spirit or intent of the document.

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# 1. Introduction and Scope

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- 1.1 Money Laundering is the process by which criminally obtained money or other criminal property is exchanged for “clean” money or other assets with no obvious link to their criminal origins. The term is used for a number of offences involving the integration of “dirty money” (i.e. the proceeds of crime) into the mainstream economy. The aim is to legitimise the possession of such monies through circulation and this effectively leads to “clean” funds being received in exchange.
- 1.2 Although local authorities are not directly covered by the requirements of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, guidance from the Chartered Institute of Public Finance and Accountancy (“CIPFA”) indicates that they should comply with the underlying spirit of the legislation and regulations.
- 1.3 Blaenau Gwent County Borough Council (the Council) is committed to establishing and maintaining effective arrangements to prevent and detect attempts to launder money using Council services. The Council requires all Members and employees to demonstrate the highest standards of honesty and integrity and this includes compliance with appropriate legislation. The Council is committed to working constructively with the Police and other relevant agencies in relation to combating money laundering and ensuring compliance with the legislation.
- 1.4 This policy should be read in conjunction with the Council’s Anti-Fraud, Anti-Corruption and Anti-Bribery Policy. The Council will seek to ensure the corporate stance on money laundering is widely publicised and that employees and Members have access to the appropriate guidance. A breach of these procedures may lead to disciplinary and/or criminal action being taken.
- 1.5 This policy applies to the Council, and as a consequence it applies to Members and all employees of the Council, including temporary and agency staff as well as those employed within Schools. It contains specific sections to advise employees and Members of the process to be followed to enable the Council to comply with its legal obligations.
- 1.6 Our policy is to ensure all appropriate action is taken to prevent, wherever possible, the employees, the Council and its Members from being exposed to money laundering and to comply with all legal and regulatory obligations, including the reporting of suspected or actual cases in line with disclosure requirements.

# 2. What is Money Laundering?

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- 2.1 The Proceeds of Crime Act 2002 (as amended by the Crime and Courts Act 2013, Serious Crime Act 2015 and the Criminal Finances Act 2017), Terrorism Act 2000 (as amended by the Criminal Finances Act 2017) and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended by the Money Laundering and Terrorist Financing (amendment) Regulations 2019) cover a range of activities and offences in relation to money laundering. The primary ones are listed below;
  - Concealing, disguising, converting or transferring criminal property or removing it from the UK;
  - Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
  - Acquiring, using or possessing criminal property;
  - Failure to disclose knowledge or suspicion of another person(s) involvement in money laundering; and
  - Tipping off or making a disclosure which is likely to prejudice an investigation being carried out by a law enforcing authority, knowing that such an investigation is in motion.

- 2.2 Potentially any member of staff 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.
- 2.3 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. The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.***

### 3. Requirements of Money Laundering Legislation

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- 3.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 impose specific obligations on “relevant persons”.
- 3.2 The term relevant person relates to the following activities carried out in the course of business; tax advice; accounting services; treasury management; investment or other financial services; credit institutions; audit services; legal services; estate agents; services involving the formation, operation or arrangement of a company or trust; dealing in goods wherever a transaction involves a cash payment equivalent to £10,000 (cash includes notes, coins, travellers cheques in any currency) or more.
- 3.3 Some activities undertaken by local authorities could be included within the scope of the money laundering regulations. Therefore, to ensure compliance with the regulations and legislation and for the purposes of this Policy and Guidance, the Council are considered a relevant person when acting in the course of business and activities carried on by them.
- 3.4 The obligations include the following requirements:
- Appoint a Money Laundering Reporting Officer (MLRO).
  - Obtain sufficient knowledge to ascertain the true identity of customers in certain circumstances, by applying customer due diligence measures.
  - Know the intended nature of business relationships and undertake ongoing monitoring of them (to identify unusual transactions).
  - Implement a procedure for assessing and controlling risk and reporting suspicions of money laundering.
  - Maintain record keeping procedures (e.g. for evidence of identity obtained, details of transactions undertaken, for at least 7 years).
- 3.5 The European Union 4th Money Laundering Directive requires a focus on risk assessments in relation to anti-money laundering; in particular, the need to evidence that an organisation’s exposure to risk is considered as part of ongoing business. As such Chief Officers/Directors/Service Managers should maintain engagement with Internal Audit as business operations change with regard to undertaking appropriate and proportionate assessments.

### 4. The Money Laundering Reporting Officer

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- 4.1 The officer nominated to receive disclosures about money laundering activity within the Council is the Chief Officer Resources. In the absence of the MLRO, the Audit and Risk Manager is authorised to deputise for them. Where it is suspected that the MLRO is involved in suspicious transactions, concerns should be raised with the Audit and Risk Manager.

## 5. Due Diligence Procedure

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- 5.1 Where the Council is carrying out activities in the course of business (paragraph 3.2), extra care needs to be taken to check the identity of the customer – this is known as carrying out customer due diligence. This is covered in Regulations 27-38 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.
- 5.2 The requirement for customer due diligence applies **immediately** for new customers and should be applied on a risk basis for existing customers. Ongoing customer due diligence must also be carried out during the life of a business relationship but should be proportionate to the risk of money laundering and terrorist funding, based on the officers' knowledge of the customer and a regular scrutiny of the transactions involved.
- 5.3 Where cash in excess of £1000 is received from customers, employees should ask for, and inspect, identification. This will help to identify and report any suspicious transactions.
- 5.4 No payment to the Council will be accepted in cash (including notes, coins or travellers' cheques in any currency) if it exceeds £10,000.
- 5.5 Each area of the Council acting in the course of business carried on by them, see paragraph 3.2, must maintain records of every customer due diligence record, preferably electronically, and details of all relevant transactions carried out for customers for a minimum of seven years from the date of (as appropriate) the transaction / end of any client relationship. This is to meet the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (Regulation 40) and may be used as evidence in any subsequent investigation/inspection by the relevant supervising body.
- 5.7 Records must be capable of providing an audit trail during any investigation, for example distinguishing the customer and the relevant transaction and recording in what form any funds were received or paid. In practice, the business areas of the Council will be routinely making records of work carried out for customers in the course of normal business and these should suffice in this regard.
- 5.8 Any record keeping should be in line with GDPR and the originating departments Privacy Statement.

## 6. Reporting Procedure for Suspicions of Money Laundering

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- 6.1 Where an employee or Member suspects money laundering activity they 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 later. **SHOULD THIS NOT BE DONE, THEN THE EMPLOYEE/MEMBER MAY BE LIABLE TO PROSECUTION.**
- 6.2 The standard pro-forma report attached at Appendix 1 should be used for this purpose. The report must include as much detail as possible, for example:
- Full details of the people involved (including employee or Member, if relevant);
  - Full details of the nature of their involvement;
  - The types of money laundering activity involved;
  - The dates of such activities, including whether the transactions have happened, are ongoing or are imminent;
  - Where they took place;
  - How they were undertaken;
  - The (likely) amount of money/assets involved;

- Exactly why there are suspicions; the National Crime Agency (NCA) will require full reasons;
  - Any other relevant available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable them to prepare their report to the NCA, where appropriate.
- 6.3 If an employee or Member becomes concerned that their own involvement in a transaction would amount to an offence under sections 327 – 329 of the Proceeds of Crime Act 2002 or Regulations 86 - 88 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, then the report must include all relevant details. Consent will be required from the NCA, via the MLRO, for the individual to take any further part in the transaction. This is the case even if the customer gives instructions for the matter to proceed before such consent is given. Employees and Members 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.
- 6.4 Once the matter is reported to the MLRO, employees must follow any directions they may be given. The employees must NOT make any further enquiries into the matter themselves: any necessary investigation will be undertaken by NCA. All members of staff will be required to cooperate with the MLRO and the authorities during any subsequent money laundering investigation.
- 6.5 Similarly, at no time and under no circumstances should the employee voice any suspicions to the person(s) suspected of money laundering without the specific consent of the MLRO, even if NCA has given consent to a particular transaction proceeding; otherwise a criminal offence of “tipping off” may be committed.
- 6.6 No reference should be made 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 tip them off to the report having been made and may render an employee liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.
- 6.7 Any information containing personal and/or sensitive data which is supplied or processed during the course of a money laundering investigation shall not be processed wider than is absolutely necessary for the purposes of determining whether a money laundering offence has been committed.

#### **Consideration of the disclosure by the MLRO**

- 6.8 Upon receipt of a disclosure report, the MLRO must note the date of receipt on their section of the report and acknowledge receipt of it. They should also advise the employee of the timescale within which they expect to respond.
- 6.9 The MLRO will consider the report and any other available internal information they think is relevant, for example:
- a. reviewing other transaction patterns and volumes;
  - b. the length of any business relationship involved;
  - c. the number of any one-off transactions and linked one-off transactions;
  - d. any identification evidence held;
  - e. and undertake such other reasonable inquiries they think is appropriate in order to ensure that all available information is taken into account in deciding whether a report to NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with the employee.
- 6.10 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- a. there is actual or suspected money laundering taking place; or
  - b. there are reasonable grounds to know or suspect that is the case; and
  - c. whether they need consent from NCA for a particular transaction to proceed.
- 6.11 Where the MLRO concludes this is the case, then they must disclose the matter as soon as practicable to NCA on their standard report form and in the prescribed manner, unless they have reasonable grounds for non-disclosure to NCA (for example, a lawyer can claim legal professional privilege for not disclosing the information).
- 6.12 Where the MLRO suspects money laundering but has reasonable grounds for non-disclosure, then they must note the report accordingly. They can then immediately give their consent for any ongoing or imminent transactions to proceed.
- 6.13 In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there are reasonable grounds for not reporting the matter to NCA.
- 6.14 Where consent is required from NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from NCA.
- 6.15 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering they then shall mark the report accordingly and give their consent for any ongoing or imminent transaction(s) to proceed.
- 6.16 All disclosure reports referred to the MLRO and reports made by them to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of seven years.
- 6.18 The MLRO commits a criminal offence if they know or suspect, or has reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to NCA.

## 7. Conclusion

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- 7.1 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.
- 7.2 Further information can be obtained from the MLRO and the following sources:
- [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk) – website of the National Crime Agency
  - “Combating Financial Crime: Further Guidance on Anti-Money Laundering for Public Service Organisations” – CIPFA
  - “Anti-Money Laundering Guidance for the Accountancy Sector: August 2008” – CCAB [www.ccab.org.uk](http://www.ccab.org.uk)
  - Money Laundering Guidance at [www.lawsociety.org.uk](http://www.lawsociety.org.uk)
- 7.3 The Council will continue to review its rules and procedures and will make sure that the Anti-Money Laundering Policy is regularly reviewed to ensure it stays current, appropriate and effective.

# Appendix 1

## Report to MLRO for suspicious activity



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### Money Laundering Report

To: Money Laundering Reporting Officer

From:.....  
*[insert name of officer]*

Directorate:..... Ext/Tel No:.....  
*[insert post title and Service Area]*

#### **DETAILS OF SUSPECTED OFFENCE**

*Name(s) and address(es) of person(s) involved:*

*[if a company/public body please include details of nature of business]*

*Nature, value and timing of activity involved:*

*[Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary]*



*Nature of suspicions regarding such activity:*

*[Please continue on a separate sheet if necessary]*

**Has any investigation been undertaken (as far as you are aware)?**

*[Please tick appropriate box]*

**Yes  No**

**If yes, please include detail below:**

**Have you discussed your suspicions with anyone else?**

*[Please tick appropriate box]*

**Yes  No**

**If yes, please include detail below explaining why such discussions were necessary:**

**Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society)**

*[Please tick appropriate box]*

**Yes  No**

**If yes, please specify below:**

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

*[Please tick appropriate box]*

**Yes  No**

**If yes, please specify details below:**

**Are you involved in a transaction which might be a prohibited act under sections 327- 329 of the Proceeds of Crime Act 2002 or Regulations 86 – 88 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and which requires appropriate consent from the NCA?**

*[Please tick appropriate box]*

**Yes  No**

**If yes, please specify details below:**

**Please set out any additional information you feel is relevant**

**SIGNED..... Date.....**

*Please do not discuss the content of this report with anyone else and in particular 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.*

**The following part is to be completed by the MLRO**

**Date Report Received:.....**

**Date Report Acknowledged:.....**

*[insert action plan]*

**CONSIDERATION OF DISCLOSURE**

**OUTCOME OF CONSIDERATION OF DISCLOSURE**

**If there are reasonable grounds for suspicion, will a report be made to the NCA?**

*[Please tick appropriate box]*

**Yes  No**

**If yes, please confirm the date of report to the NCA and complete the box below:.....**

*Are there reasonable grounds for suspecting money laundering activity?*

*Details of Liaison with NCA regarding this report*

*Notice Period:.....to.....*

*Moratorium Period:.....to.....*

**Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?**

*[Please tick appropriate box]*

**Yes  No**

**If yes, please specify details below:**

**Date consent received from NCA:.....**

**Date consent given by you to the employee:.....**

**If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:**

*[Please set out any reasonable excuse for non-disclosure]*

**Date consent given by you to employee for any prohibited transactions to proceed:.....**

*[insert any relevant information]*

**Signed.....**

**Dated.....**

***This report is to be retained securely for at least seven years.***