



Anti-Money Laundering Policy

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Contents

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1 Foreword

1.1 This policy explains what money laundering is and the legal and regulative framework that is in place to govern it. It also specifies the processes the Council needs to put in place to ensure that it does all it can to prevent the Council and its employees being exposed to money laundering and so ensure that the Council complies with all legal and regulatory requirements.

2 Scope of the policy

2.1 Local authorities are not directly covered by the requirements of the Proceeds of Crime Act and the Money Laundering Regulations 2017, but guidance from Chartered Institute of Public Finance and Accountancy (CIPFA), indicates that public service organisations should comply with the spirit of the legislation and regulations and have appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

2.2 This policy applies to all staff (including external appointments, such as consultants) and elected Members of the council..

2.3 This policy aims to promote and maintain high standards of conduct within the Council by preventing criminal activity through money laundering and enable the Council to comply with legal obligations.

2.4 This policy is to be read in conjunction with the council's Whistleblowing Policy and the Anti-Fraud and Anti-Corruption Policy.

3 What is money laundering?

3.1 Money laundering is the process by which criminally obtained money or other assets 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.

3.2 Money laundering is a term describing offences defined under the Proceeds of Crime Act 2002 ["POCA"]. Money laundering involves the integration of the proceeds of crime, or terrorists funds, into the mainstream economy, and can take many forms, such as:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK. [s.327 POCA]
- 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 [s.328 POCA]
- Acquiring, using or possessing criminal property [s.329 POCA].
Doing something that might prejudice an investigation (such as falsifying a document [s.333 POCA]
- Tipping off a person(s) who is or is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation [s. 333 POCA].

3.3 Provided that the Council does not undertake activities regulated under the Financial Services and Markets Act 2000, the offences of 'failure to disclose' and 'tipping off' under POCA do not apply.

However, the Council and its employees and Members remain subject to the remainder of the offences and the full provisions of the Terrorism Act 2000.

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 Legislation

4.1 The main UK legislation covering anti-money laundering and terrorist financing is:

- Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005) - money laundering offences include those detailed at 3.2 above
- Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001) – money laundering offences include being concerned in an arrangement relating to retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism.

Some of these offences can result in heavy penalties on conviction (including unlimited fines and imprisonment up to fourteen years)

5 The Council's Obligations

5.1 The purpose of this policy is to make all councillors and staff aware of the legislative framework, their responsibilities regarding this framework, and the consequences of non-compliance.

- (a) To appoint a Money Laundering Reporting Officer [MLRO]
- (b) Maintain client identification procedures in certain circumstances
- (c) Implement a procedure to enable the reporting of suspicions of money laundering
- (d) Maintain record keeping procedures

5.2 All employees, contractors, agents and Members of the council are therefore required to be familiar with the council's policy and to comply with the procedures set out in the following sections and particularly with the reporting procedure.

6 The money laundering reporting officer (MLRO)

6.1 The officer nominated, as MLRO, to receive disclosures about money laundering activities is the chief finance officer (section 151 officer). Details as to how to contact the MLRO are found at Appendix A.

6.2 Reporting to the MLRO

You should report to the MLRO in the following instances as failure to do so could amount to an offence:

- Where you know or suspect or have reasonable grounds to know or suspect that a money laundering activity is taking place or has taken place, you must notify the MLRO immediately, using the money laundering reporting form attached at appendix F.

- Similarly, where you believe your involvement in a matter may amount to a prohibited act under sections 327 – 329 of the Proceeds of Crime Act 2002 (see relevant provisions at appendix 2), you must disclose this to the MLRO using the form attached at appendix F.
- You must still report your concerns even if you believe that someone else has already reported their suspicions of the same money laundering activity.

6.3 After reporting to the MLRO you MUST:

- not voice your suspicion to the suspected person or any third party
- not disclose to anyone the fact the you have made the report
- not make any further enquiries into the matter yourself
- not make any reference on the file of the report
- do nothing further on the matter unless you receive specific, written consent from the MLRO to proceed.

6.4 Once the MLRO receives the report, the MLRO will:

- advise you of the timescale within which they expect to respond to you.
- consider the form and any other available internal information they think relevant.
- undertake such other reasonable inquiries they think appropriate
- seek specialist legal and financial advice (if appropriate)

6.5 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination about money laundering, as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- they need to seek consent from the National Crime Agency (NCA) for a particular transaction to proceed

6.6 Then the MLRO must disclose this as soon as practicable to the NCA on its standard report form and in the prescribed manner, unless there is reasonable excuse for 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).

6.7 All disclosure reports referred to the MLRO and reports made by the MLRO to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

6.8 The MLRO commits a criminal offence if they know or suspect, or have 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 the NCA.

6.9 The MLRO should always consult the Monitoring Officer in complex or difficult cases.

7 Due Diligence Procedure

7.1 Where the Council is carrying out activities in the course of business, 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. Details of the process to be undertaken is provided in Appendix C: Customer Due Diligence Procedure Flowchart.

7.2 When is it done?

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.

7.3 Cash Payment Procedure

Where cash in excess of £1000 is received from customers, employees should ask for, and inspect, identification (Appendix D: Verification of Customer Identity). This will help to identify and report any suspicious transactions.

7.4 Electronic or cheque payments to the Council are easily traceable through the banking system. As traceability is key and an individual walking in to pay a debt with cash is not necessarily traceable, it is best practice to insist on payment electronically from a UK Clearing Bank.

7.5 Satisfactory Evidence of Identity

The Council require only the most basic of identity checks (e.g. signed, written instructions on the organisation in question's headed paper at the outset of a particular matter) documented on a Verification of Customer Identity Checklist. The following factors suggest these minimum level checks are appropriate for the Council:

- For Members, employees and contractors of the Council, the Council already has detailed information through recording systems and internal processes.
- For external customers, the Council, as a matter of law, can only provide services to other local authorities and designated public bodies. These customers are heavily regulated and most are well known to us.

Generally:

- We know most of our customers and those through whom they are acting – there is no, or very little, doubt as to their identity;
- Any services that may be defined as regulated business activities are provided to customers who are UK local authority/public bodies; and
- We are subject to defined, robust public sector governance and financial management controls.

8 Record Keeping Procedures

8.1 Each area of the Council acting in the course of business carried on by them, 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 five 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.

8.2 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 regards

8.3 Any record keeping should be in line with GDPR and the originating department's Privacy Statement.

9 Training

9.1 The MLRO and Monitoring Officer will communicate the Council's anti- money laundering obligations to its staff and officers. Training will be arranged for key officers most likely to be affected by the legislation.

10 Review

10.1 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.

11 Conclusion

11.1 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 low risk to the Council of contravening the legislation.

11.2 Should you have any concerns whatsoever any transactions then you should contact the MLRO.

Appendix A

SCHEDULE OF KEY CONTACTS under the Anti-Money Laundering Policy

(These key contacts will be updated as changes arise)

Contact Title	Name	Tel No	Email Address
Chief Financial Officer (S.151 Officer) Director for Resources MLRO Council Offices Holt Road Cromer Norfolk NR27 9EN	Tina Stankley	01263 516439	tina.stankley@north-norfolk.gov.uk

In the event that you are unable to contact the Chief Financial Officer, you should make contact with the Deputy s.151 officer, the Chief Executive or the Monitoring officer

Appendix B

POSSIBLE SIGNS OF MONEY LAUNDERING

Types of risk factors which *may*, either alone or along with other factors suggest the possibility of money laundering activity:

General

- A new customer with no previous 'history' with the Council;
- A secretive customer: for example, one who refuses to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity, identity of a customer;
- Illogical third party transactions: for example, unnecessary routing or receipt of funds from third parties or through third party accounts;
- Involvement of an unconnected third party without logical reason or explanation;
- Payment of a substantial sum in cash (but it's reasonable to be suspicious of any cash payments particularly those over £1,000);
- Overpayments by a customer;
- Absence of an obvious legitimate source of the funds;
- Movement of funds to/from overseas, particularly to and from a higher risk country;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal expectations;
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
- Cancellation or reversal of an earlier transaction;
- Requests for release of customer account details other than in the normal course of business;
- Poor business records or internal accounting controls;
- A previous transaction for the same customer which has been, or should have been, reported to the MLRO.

Property Matters

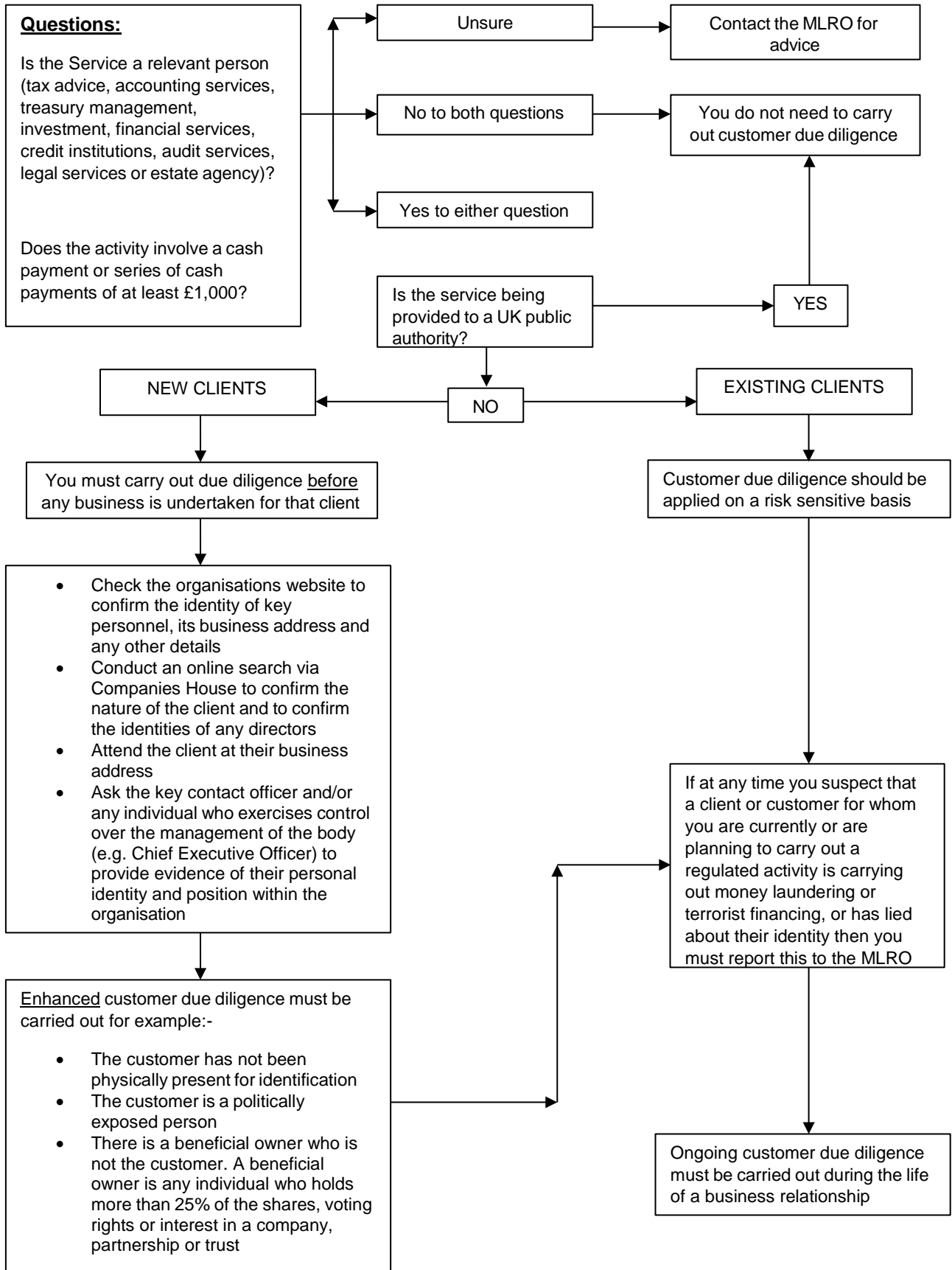
- Unusual property investment transactions with no apparent investment purpose;
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking);
- Regarding property transactions, funds received for deposits or prior to completion from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination.

The following table sets out the types of activities that might be suspicious and where the council may be susceptible to money laundering activities. It is not intended to be exhaustive, and just because something is not on the list, it doesn't mean that it shouldn't be reported.

ACTIVITY	The types of activity that may be affected
New customers with high value transactions	<ul style="list-style-type: none"> • Selling property to individuals or businesses • Renting out property to individuals or businesses • Entering into other lease agreements • Undertaking services for other organisations
Secretive clients	<ul style="list-style-type: none"> • Housing benefit claimants who have sums of money entering into / out of their bank account (even if we do not award them benefit, we should still consider money laundering implications) • People buying or renting property from the council who may not want to say what it is for • People receiving grant funding who refuse to demonstrate what funding was used for
Customers who we think are acting dishonestly or illegally	<ul style="list-style-type: none"> • People paying for council services who do not provide details about themselves • People making odd or unusual requests for payment arrangements
Illogical transactions	<ul style="list-style-type: none"> • People paying in cash then requesting refunds • Requests for the council to pay seemingly unconnected third parties in respect of goods / services provided to the council • Requests for the council to pay foreign currencies for no apparent reason
Payments of substantial sums by cash	<ul style="list-style-type: none"> • Large debt arrears paid in cash • Refunding overpayments • Deposits / payments for property
Movement of funds overseas	<ul style="list-style-type: none"> • Requests to pay monies overseas, potentially for "tax purposes"
Cancellation of earlier transactions	<ul style="list-style-type: none"> • Third party "refunds" grant payment as no longer needed / used • No payment demanded even though goods / services have been provided • Sudden and unexpected termination of lease agreements
Requests for client account details outside normal course of business	<ul style="list-style-type: none"> • Queries from other companies regarding legitimacy of customers • Council receiving correspondence / information on behalf of other companies
Extensive and over-complicated client business structures / arrangements	<ul style="list-style-type: none"> • Requests to pay third parties in respect of goods / services • Receipt of business payments (rent, business rates) in settlement from seemingly unconnected third parties
Poor accounting records and internal financial control	<ul style="list-style-type: none"> • Requests for grant funding / business support indicates third party not supported by financial information • Companies tendering for contracts unable to provide proper financial information / information provided raises concerns • Tender for a contract which is suspiciously low
Unusual property investment or transactions	<ul style="list-style-type: none"> • Requests to purchase Council assets / land with no apparent purpose • Requests to rent Council property with no apparent business motive
Overcomplicated legal arrangements / multiple solicitors	<ul style="list-style-type: none"> • Property transactions where the Council is dealing with several different parties

Appendix C

CUSTOMER DUE DILIGENCE PROCEDURE FLOWCHART



Appendix D

VERIFICATION OF CUSTOMER IDENTITY

Verification of Customer Identity Checklist for customer:

Name: _____

NB: If you are receiving funds from a Council customer in any transaction **above £1,000 cash**, the identity of the customer must be checked.

All suspicions, regardless of amount, should be reported to the MLRO via the Money Laundering Reporting Form.

A. Evidence not obtained – reasons:

1. Customer previously identified in: Month _____ Year _____
2. Other – state reason fully _____

B. Evidence obtained to verify name and address:

(GROUP A) - Acceptable on their own:

- Full national passport.
- Full national driving licence with photo.
- Pension book.
- Armed Forces ID Card.
- Signed ID card of employer known to you.

(GROUP B) - Acceptable with two of next group below:

- Young person NI card (under 18 only).
- Pensioner's travel pass.
- Building Society passbook.
- Credit Reference agency search.
- National ID Card.
- Copy Company Certificate of Incorporation if a limited company.

- Company and 2 Directors personal identify as above.

(GROUP C) - *NOT acceptable on their own:

- Gas, electricity, telephone bill.
- Mortgage statement.
- Council tax demand.
- Bank/Building Society/credit card statement.
- Young persons medical card (under 18 only).
- Home visit to applicants address.
- Check of telephone directory.
- Check electoral roll.

**Suitable for proof of address only*

NB BEST PRACTICE is to have one of Group (a) plus two of Group (c)

C. Evidence obtained for unquoted company or partnership:

- Certificate of Incorporation or equivalent.
- Certificate of Trade or equivalent.
- Latest report and audited accounts.
- Principal shareholder/partner (*personal ID*).
- Principal Director (*personal ID*) .
- Screenshot of the customers' website to confirm their business address.
- Screenshot of Companies House website detailing the nature and business of the customer and confirming the identities of directors.
- A written instruction on the organisation in question's headed paper.

D. Disadvantaged Customers:

e.g. Confirmation of identity from Social Worker or Bail Officer, Police, School, Courts etc.

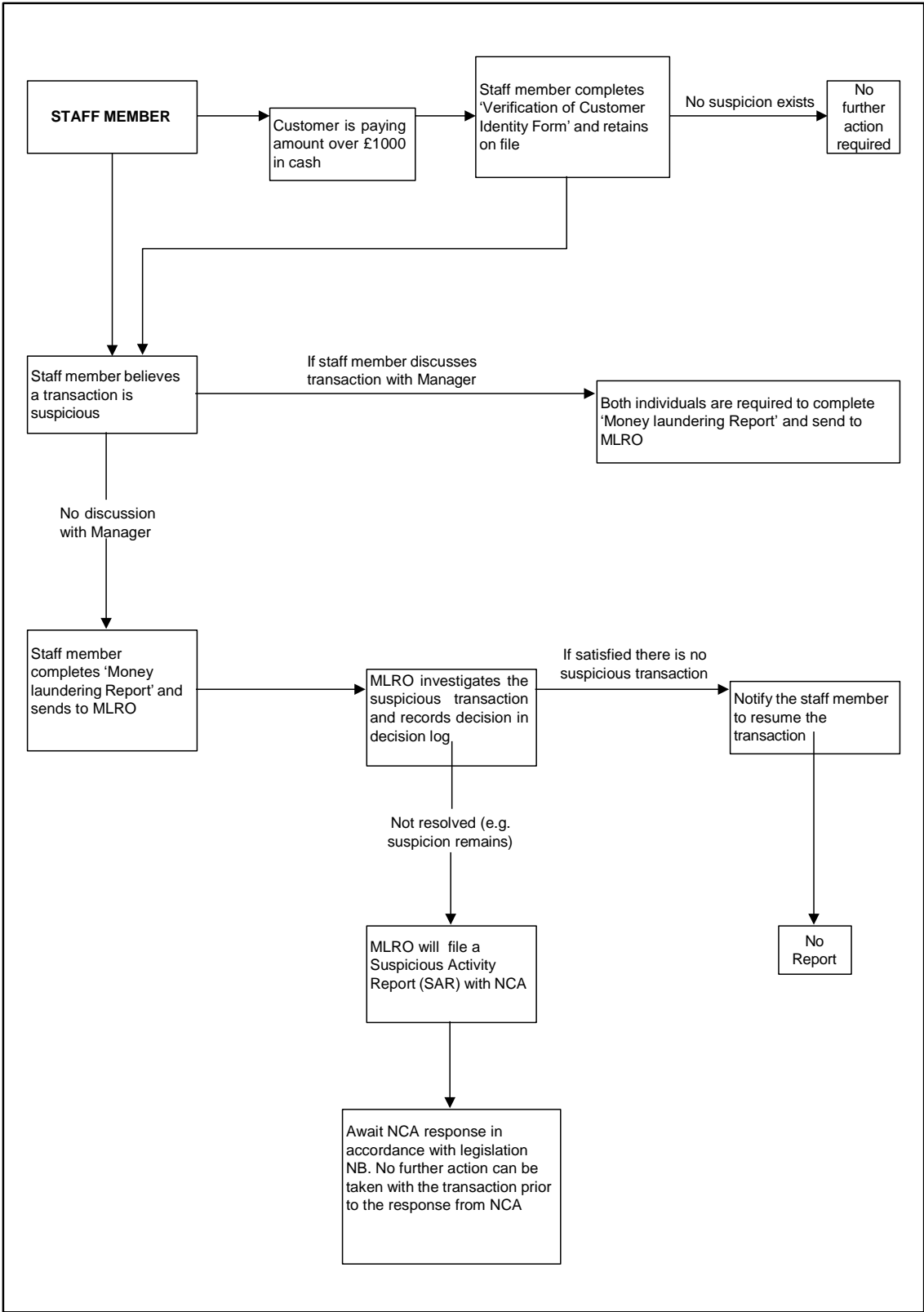
E. If evidence not obtained for the reasons in A, do you have any suspicions regarding identity? _____

I confirm that I have seen the originals of the documents indicated above and have identified the above Customer(s)

Signed _____ **Date** _____

NB Wherever possible TAKE PHOTOCOPIES of the identification evidence TO PLACE ON FILE. Copies should be notarised to indicate a copy and signed to evidence sight of the original.

SUSPICIOUS TRANSACTION REPORTING PROCEDURE



Appendix F

MONEY LAUNDERING REPORT

CONFIDENTIAL

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 eg 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 the relevant box]

Yes

☐

No

☐

If yes, please include details below:

Have you discussed your suspicions with anyone else?

[Please tick the relevant

☐

box]

☐

Yes

No

If yes, please specify below, explaining why such discussion was necessary:

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

[Please tick the relevant

☐

box]

Yes

☐

No

If yes, please specify below

Do you feel you have a reasonable excuse for not disclosing the matter to the NCA? (eg are you a lawyer and wish to claim legal professional privilege?)

[Please tick the relevant

☐

box]

No

☐

Yes

If yes, please set out full 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? (see Appendix A, Offences Table)

[Please

tick

the

relevant
No

☐

box]

☐

Yes

If yes, please enclose details in the box below:

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

Signed:..... Dated:.....

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 OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date report received:

Date receipt of report acknowledged:

CONSIDERATION OF DISCLOSURE:

Action Plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity?

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

[Please tick the relevant box]

Yes

☐

No

☐

If yes, please confirm date of report to the NCA:

and complete the box below:

Details of liaison with the NCA regarding the 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 relevant

☐

box]

☐

Yes

No

If yes, please confirm full details in the box below:

Date consent received from the NCA:

..... **Date consent given by**

you to 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:

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

Other relevant information:

Signed:..... Dated:.....

THIS REPORT TO BE RETAINED SECURELY FOR AT LEAST FIVE YEARS

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