

Anti-Money Laundering Policy and Procedures

1. Introduction

- 1.1 The fight against crime and terrorist activities is becoming ever more globalised. The significant contribution that can be made by depriving potential criminals and terrorists of the funds they need is recognised, as is the relatively low level of funds required for significant acts to be carried out.
- 1.2 Nottinghamshire County Council is committed to: preventing the Council and its employees being exposed to money laundering; identifying the risks where it may occur; and complying with legal and regulatory requirements, especially with regard to reporting suspected cases.
- 1.3 The Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 place obligations on the Council and its employees to establish internal procedures to prevent the use of their services for money laundering.
- 1.4 This Anti-Money Laundering Policy sits within the Council's wider Counter Fraud and Counter Corruption Policy and Strategy.

2. What is Money Laundering?

- 2.1 Money laundering is the process where criminals attempt to hide and change the true identity of the proceeds of their crime so that they appear legitimate. The various stages are termed placement, layering and integration:
 - placement – 'dirty money' is placed directly into the financial system
 - layering – the proceeds are moved through a series of financial transactions, making it harder to establish their origin
 - integration – the money launderer creates a legitimate explanation for the source of the funds allowing them to be retained, invested into the legitimate economy or to acquire assets.An example in a Council setting is where illicit cash is used (placed) to pay for the annual non-domestic rates on a commercial premises (possibly also by means of a large overpayment), and then within a very short time the property is vacated (layering). A refund is made to the individual from the Council, 'integrating' the source of the money.
- 2.2 The following constitute the act of money laundering:
 - Concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the 2002 Act); or

- 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 (section 328); or
 - Acquiring, using or possessing criminal property (section 329);
 - Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorist Act 2000).
- 2.3 These are the primary money laundering offences and thus prohibited acts under the legislation. There are also two secondary offences: failure to disclose any of the primary offences; and tipping-off. Tipping-off is where someone informs a person or people who are, or are suspected of, being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.
- 2.4 Potentially any member of staff could be caught by the money laundering provisions if they suspect money laundering and do nothing about it or become involved with it in some way. This Policy sets out how any concerns should be raised. **The key requirement for Council employees and partners is to promptly report (Section 337 Disclosure) any suspected money laundering activity to the Council's Section 151 Officer, who fulfils the role of the Money Laundering Reporting Officer (MLRO).**
- 2.5 **Employees should be particularly alert to situations where funds flow through the Council from unfamiliar sources. Where the Council is forming a new business relationship, or is considering a significant one-off transaction with a new client, evidence of the identity of the prospective client should be obtained before proceeding.**
- 2.6 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.

3. Scope of the Policy

- 3.1 This Policy applies to all employees of the Council and its partners. It sets out the required procedures which should be followed for reporting suspicions of money laundering activity to enable the Council to comply with its legal obligations.
- 3.2 This Policy is consistent with all other Council policies including the Counter Fraud & Counter Corruption Policy & Strategy, the Whistleblowing Policy, Employee Code of Conduct and Members' Code of Conduct.
- 3.3 Failure by a Council 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 Policy.

4. What are the obligations on the Council?

- 4.1 Organisations conducting “relevant business” must:
- appoint a MLRO to receive disclosures from employees of money laundering activity (their own or anyone else’s);
 - implement a procedure to enable the reporting of suspicions of money laundering;
 - maintain client identification procedures in certain circumstances; and
 - maintain record keeping procedures.
- 4.2 Not all of the Council’s business is “relevant” for the purposes of the legislation. It is mainly accountancy and financial; and company and property transactions undertaken by Legal Services. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council; therefore, all staff are required to comply with the reporting procedure set out in section 6 below.

5. The Money Laundering Reporting Officer

- 5.1 The officer nominated to receive disclosures about money laundering activity within the Council is the Section 151 Officer who can be contacted as follows:

Section 151 Officer
Service Director – Finance, Procurement and Improvement
Financial Services
Nottinghamshire County Council
County Hall
Loughborough Road
West Bridgford
Nottingham
NG2 7QP

Telephone – 0115 9773033

- 5.2 In the absence of the MLRO disclosures will be received by the Head of Internal Audit – 0115 9772224.

6. Disclosure Procedure

Cash Payments

- 6.1 No payment to the Council should automatically be accepted in cash (including notes, coins or travellers cheques in any currency) if it exceeds £1,000. This does not, however, mean that cash transactions below this

value will be valid and legal and should not raise suspicion. Professional scepticism should be retained at all times.

- 6.2 Staff who collect cash payments are asked to provide the details of any cash transaction over £1,000 to the MLRO so that precautionary checks can be performed.
- 6.3 The Council, in the normal operation of its services, accepts payments from individuals and organisations. If an employee has no reason to suspect or know that money laundering activity is taking place and if the money offered is less than £1,000 in cash as payment or part payment for goods/services offered by the Council then there is no need to seek guidance from the MLRO.
- 6.4 If a member of staff has reasonable grounds to suspect money laundering activities or proceeds of crime, or is simply suspicious, the matter should still be reported to the MLRO. If the money offered is £1,000 or more in cash then payment must not be accepted until guidance has been received from the MLRO even if this means the person has to be asked to wait.
- 6.5 Any officer involved in a transaction of this kind should ensure that the person provides satisfactory evidence of their identity personally, through passport/photo driving licence plus one other document providing evidence of current address in the form of a bank statement, credit card statement, mortgage or insurance details or a utility bill. Where the other party is a company, this can be done through company formation documents or business rate bill.

Reporting to the Money Laundering Reporting Officer

- 6.6 Any employee who becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, must disclose this promptly to the MLRO or deputy. The disclosure should be at the earliest opportunity of the information coming to your attention, not weeks or months later. Should you not do so, then you may be liable to prosecution.
- 6.7 The employee must follow any subsequent directions from the MLRO or deputy and must not make any further enquiries themselves into the matter. Additionally, they must not take any further steps in the transaction without authorisation from the MLRO or deputy.
- 6.8 The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. The person concerned should be advised that routine Council procedures require secondary authorisation prior to large cash amounts being processed. The employee must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion.

Consideration of the disclosure by the Money Laundering Reporting Officer

- 6.9 The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency (NCA).
- 6.10 The MLRO or deputy must, if they so determine, promptly report the matter to the NCA on their standard report form and in the prescribed manner. Up to date contact details can be found on the NCA website at: <http://www.nationalcrimeagency.gov.uk/> (main NCA website)
- 6.11 All disclosure reports referred to the MLRO or deputy and reports made to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years. The Money Laundering Disclosure Form (Appendix 1) should be used by the MLRO to record any action taken.
- 6.12 The MLRO or deputy will commit 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.

7. Record Keeping

- 7.1 The MLRO will keep a record of all referrals made to them and of any action taken / not taken. The precise nature of these records is not set down in law but should be capable of providing an audit trail during any subsequent investigation.

8. Guidance and Training

- 8.1 In support of this policy, the Council will:
- make all staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation; and
 - give targeted training to those most likely to encounter money laundering.

9. Further Information

- 9.1 Further information can be obtained from the MLRO and the following sources:

- National Crime Agency (NCA) – <http://www.nationalcrimeagency.gov.uk>
- CIPFA - www.cipfa.org/membership/practice-assurance-scheme/anti-moneylaundering
- CCAB - Anti-Money Laundering (Proceeds of Crime and Terrorism) – Guidance for Accountants – www.ccab.org.uk
- The Law Society - Anti-Money Laundering Guidance and Advice - <http://www.lawsociety.org.uk/advice/anti-money-laundering/>

10. Links to other NCC policies/strategies

10.1 The anti-money laundering policy has links to a number of other council policies and strategies:

- [Counter Fraud and Counter Corruption Policy and Strategy](#)
- [Fraud Response Plan](#)
- [Whistleblowing Policy](#)
- [Codes of conduct](#) for staff and members
- [Financial Regulations](#)

11. Policy review

11.1 The strategy will be subject to regular review as part of the Annual Fraud Report, which will make recommendations for any required changes to it.

12. Appendices

[Appendix 1](#) – Money Laundering Disclosure Form (proforma for use by MLRO)

Money Laundering Disclosure Form

This form is for completion by the Money Laundering Reporting Officer

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|------------------------------|--|
| Date Report Received: | |
|------------------------------|--|

Consideration of Disclosure:

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|-------------------------------|
| Details of Disclosure: |
|-------------------------------|

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|---|
| Are there reasonable grounds for suspecting money laundering activity: |
|---|

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

Yes/No:

| | |
|---|--|
| If yes, please record the date of report to the NCA: | |
|---|--|

Details of liaison with NCA:

Notice Period:

Moratorium Period:

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

Yes/No:

If yes please record the details here:

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|--|--|
| Date consent received from NCA: | |
|--|--|

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|---|--|
| Date consent passed to employee: | |
|---|--|

If there are reasonable grounds to suspect money laundering but you do not intend to report the matter to NCA, please record the reasons for non-disclosure:

Please record any other relevant information here:

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Signed:

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Date:

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This report is to be retained for at least five years