

Anti -Money Laundering Policy

June 2021

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1. INTRODUCTION

- 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.
- 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 South Ribble Borough 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 Whistle-blowing Policy, Anti-Fraud and Corruption Strategy and the 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.

SCOPE OF THE POLICY

- 1.5 This policy applies to all officers and elected members of the Council and aims to maintain the high standards of conduct that currently exist in the Council by preventing criminal activity through money laundering. The policy sets out the procedures which must be followed to enable the Council to comply with its legal obligations. Within this policy the term employees refers to all employees and elected members. For the sake of clarity this definition will extend to casual employees and agency staff. Further the Council will ensure that its partners and all companies that it is in contract with will be fully informed of the procedures we have in place to combat money laundering.
- 1.6 Anti-money laundering legislation places responsibility upon employees to combat money laundering and covers a very wide area of financial transactions, including possessing, or in any way dealing with, or concealing, the proceeds of any crime. It applies to all employees involved with monetary transactions.

2. WHAT IS MONEY LAUNDERING?

2.1 Money laundering can be defined as “a process that makes money with an illegal origin appear legal so that it may be used.” The aim is to legitimise the possession of such monies through circulation and this effectively leads to “clean” funds being received in exchange. As a result, the obligations now impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

2.2 A range of activities and offences concerning money laundering is included within the following pieces of legislation:-

- Proceeds of Crime Act 2002 (the POCA) (as amended by the Serious Organised Crime and Police Act 2005, Crime and Courts Act 2012, Serious Crime Act 2015 and Criminal Finances Act 2017),
- Money Laundering Terrorist Financing & Transfer of Funds (Information on the Payer) Regulations 2017 (as amended by the Money Laundering & Terrorist Financing (amendment) Regulations 2019
- The Terrorism Act 2000 (as amended by the Criminal Finances Act 2017)
- Offences under the Bribery Act 2010 may also constitute Money Laundering.

2.3 The legislation covers all criminal property where the alleged offender knows or suspects the property constitutes or represents benefit from any criminal conduct. Property is all property (including tax evasion) situated anywhere in the world for example:

- Money
- all real, personal, heritable or ‘moveable property’
- intangible and incorporeal property
- property obtained by a person who has an interest in it
- things in action and other intangible or incorporeal property

2.4 The primary offences ones are listed below; further details are provided in **Appendix A: Offences Table:**

- 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.

2.5 Where an employee/Member suspects money laundering and reports, or are aware that someone else has, they must exercise caution in what is discussed with others as a further offence of “tipping off” may be committed if, knowing or suspecting a disclosure has been made, the employee/Member take any action which is likely to prejudice any investigation that may be conducted.

2.6 It is impossible to give a definitive list of ways in which to spot money laundering or how to decide whether to make a report. Facts which tend to suggest that something 'odd' is happening may be sufficient for a reasonable suspicion of money laundering to arise. Risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity are provided at **Appendix B: Possible Signs of Money Laundering**.

2.7 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. Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all members and employees are familiar with their legal responsibilities. **Serious criminal sanctions may be imposed for breaches of the legislation.**

3. WHAT ARE THE OBLIGATIONS UNDER THE MONEY LAUNDERING LEGISLATION ON THE COUNCIL?

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 €15,000 (£12,000) or more.

3.3 Organisations in the "regulated sector" and which undertake particular types of regulated activity must:-

- Appoint a Money Laundering Reporting Officer ("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.
- Apply due diligence measures in certain circumstances
- Know the intended nature of business relationships and undertake ongoing monitoring of them (to identify unusual transactions).
- Obtain information on the purpose and nature of transactions/business relationships.
- Conduct ongoing monitoring of certain business relationships
- Maintain record keeping procedures. (e.g. for evidence of identity obtained, details of transactions undertaken, for at least 5 years).
- Train relevant staff

3.4 Not all the Council's business is "relevant" for the purposes of the legislation. However, the safest way to ensure compliance with the law is to apply them to all areas of work

undertaken by the Council – therefore all employees are required to comply with the reporting procedure set out in this policy.

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 Assistant Directors/Service Managers should maintain engagement with Internal Audit as business operations change with regard to undertaking appropriate and proportionate assessments.

3.6 The Money Laundering and Terrorist Financing (Regulations) 2019 and Anti Money Laundering Act 2018, have come into effect during 2020, however do not apply any specific new requirement upon local authorities. The Council will have mind to these regulations when applying any actions in relation to his matter.

4. THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

4.1 If an individual becomes aware that their involvement in a matter may amount to money laundering then they must report it to the Money Laundering Reporting Officer (MLRO) and not take any further action until they have received consent from the MLRO, who may have to be granted such consent by the National Crime Agency (NCA).

4.2 The officer nominated to receive disclosures about money laundering activities is Gary Hall. He can be contacted on the following email address; Gary.hall@southribble.gov.uk.

4.3 In the absence of the MLRO, Louise Mattinson is authorised to deputise for him, and can be contacted by email on louise.mattinson@southribble.gov.uk.

5. DISCLOSURE PROCEDURE

A- Reporting to the Money Laundering Officer

5.1 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.

5.2 Your disclosure should be made to the MLRO using the report form attached at Appendix C. The report must include as much information as possible for example:-

- Full details of the people involved e.g. name, date of birth, address, company names, directorships, phone numbers, etc
- Full details of the nature of your/their involvement;
- The types of money laundering activity involved (see **Appendix B, Possible Signs of Money Laundering**);
- 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 NCA will require full reasons;
- Any other relevant available information to enable the MLRO to make 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.

5.3 If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327 – 329 of the 2002 Act, Regulations 86 - 88 of the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, then your report must include all relevant details, as you will need consent from the National Crime Agency, 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.

5.4 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.

5.5 Once you have reported the matter to the MLRO you must follow any directions (s) he may give you.

You must NOT make any further enquiries into the matter yourself.

5.6 Any necessary investigation will be undertaken by the National Crime Agency. Simply report your suspicions to the MLRO, who will refer the matter onto the National Crime Agency if appropriate. All Members and employees will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) you suspect of money laundering.

5.6 Should allegations be raised regarding Members of the Council then the Monitoring Officer/Deputy Monitoring Officer should also be contacted.

5.7 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 must keep the appropriate records in a confidential manner.

5.8 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.

B- Consideration of the Disclosure by the Money Laundering Officer

5.9 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 you of the timescale within which he expects to respond to you.

5.10 The MLRO will consider the report and other available internal material he thinks relevant, e.g.,

- reviewing other transaction patterns and volumes
- the length of any business relationship involved
- the number of any on-off transactions and linked one off transactions
- any identification evidence held

5.11 The MLRO will undertake such other reasonable enquiries he thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the National Crime Agency 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 you.

5.12 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 taking place
- there are reasonable grounds to know or suspect that is the case
- he knows the identity of the money launderer or the whereabouts of the property involved or they could be identified or the information may assist in such identification and
- whether he needs to seek consent from the National Crime Agency for a particular transaction to proceed

5.13 Where the MLRO does so conclude, then he must disclose the matter as soon as practicable to the National Crime Agency on their standard report form or via SAR online and in the prescribed manner, unless he has a reasonable excuse for non-disclosure to the National Crime Agency (e.g., if you are a lawyer and wish to claim legal professional privilege for not disclosing the information).

5.14 Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then he must note the report accordingly; he can then immediately give his consent for any ongoing or immediate transactions to proceed.

5.15 In cases where legal professional privilege may apply, the MLRO shall liaise with the Monitoring Officer/Deputy Monitoring Officer to decide whether there is a reasonable excuse for not reporting the matter to the National Crime Agency.

5.16 Where consent is required from the National Crime Agency for a transaction to proceed, then the transactions in question must not be undertaken or completed until the National Crime Agency has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the National Crime Agency.

5.17 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 transactions to proceed.

5.18 All disclosure reports referred to the MLRO and reports made by him to the National Crime Agency must be retained by the MLRO in a confidential file kept for that purpose for a period of five years.

5.19 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 of whom he knows the identity or the whereabouts of laundered property in consequence of the disclosure, that the person or property's whereabouts can be identified from that information, or he believes, or it is reasonable to expect him to believe, that the information will or may assist in such identification and he does not disclose this as soon as practicable to the National Crime Agency .

6. CUSTOMER DUE DILIGENCE PROCEDURE

6.1 Where the Council is carrying out certain regulated business (accountancy, audit and certain legal services) and:

- a. forms an ongoing business relationship with a client; or
- b. undertakes an occasional transaction amounting to 15,000 Euro or more whether carried out in a single operation or several linked ones; or
- c. suspects money laundering or terrorist financing; or
- d. doubts the veracity or adequacy of information previously obtained for the purposes of client identification or verification

then customer due diligence measures must be applied and this Customer Due Diligence Procedure must be followed before the establishment of the relationship or carrying out of the transaction. This is covered in Regulations 27-38 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

6.2 Applying customer due diligence means:

- a. identifying the client and verifying the client's identity on the basis of documents, data or information obtained from a reliable and independent source;
- b. identifying the beneficial owner (where he/she or it is not the client) so that you are satisfied that you know who the beneficial owner is, including, in the case of a legal person, trust or similar legal arrangement, measures to understand the ownership and control structure of the person, trust or arrangement, and
- c. obtaining information on the purpose and intended nature of the business relationship

Please note that unlike the reporting procedure, the Customer Due Diligence Procedure is restricted to those employees undertaking relevant business.

6.3 In the above circumstances, employees in the relevant services of the Council must obtain satisfactory evidence of the identity of the prospective client, and full details of the purpose and intended nature of the relationship/transaction, as soon as practicable after instructions are received.

6.4 There is also now an ongoing legal obligation to check the identity of existing clients and the nature and purpose of the business relationship with them at appropriate times. The opportunity should also be taken at times to scrutinise the transactions undertaken throughout the course of the relationship (including, where necessary, the source of the funds) to ensure they are consistent with your knowledge of the client, its business and risk profile. Particular scrutiny should be given to the following:

- a. complex or unusually large transactions;
- b. unusual patterns of transactions which have no apparent economic or visible lawful purpose; and
- c. any other activity likely by its nature to be related to money laundering or terrorist financing.

6.5 Once instructions to provide relevant business have been received, and it has been established that Paragraph 6.1 above applies or it is otherwise an appropriate time to apply due diligence measures to an existing client, evidence of identity and information about the nature of the particular work should be obtained/checked as follows:-

Internal Clients

Under the legislation there is no need to apply customer due diligence measures where the client is a UK public authority. However, as a matter of good practice, identity of internal clients should continue to be checked.

Appropriate evidence of identity will be written and signed instructions on Council-headed notepaper at the outset of the matter. Such correspondence should then be placed on the Council's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.

External Clients

Most of the external clients to whom the Council provides regulated business services are UK public authorities and consequently, as above, there is no need to apply customer due diligence measures. However, again as a matter of good practice, identity of external clients should be checked.

Appropriate evidence of identity will be written and signed instructions on the organisation's official letter head at the outset of the matter. Such correspondence should then be placed on the Council's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.

With instructions from new clients, or further instructions from a client not well known to you, you may wish to seek additional evidence of the identity of key individuals in the organisation and of the organisation itself.

6.6 In certain circumstances enhanced customer due diligence must be carried out for example where:

- The customer has not been physically present for identification
- The customer is a politically exposed person, typically, a non UK or domestic member of parliament, head of state or government, or government minister and their family members and known close associates
- There is a beneficial owner who is not the customer – a beneficial owner is any individual who: holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.
- when you enter into a transaction with a person from a [high risk third country identified by the EU](#)

Enhanced customer due diligence could include any additional documentation, data or information that will confirm the customer's identity and / or the source of the funds to be used in the business relationship / transaction. If you believe that enhanced customer due diligence is required then you must consult the MLRO prior to carrying it out.

6.7 In all cases, the due diligence evidence should be retained for at least five years from the end of the business relationship or transaction(s).

6.8 If satisfactory evidence of identity is not obtained at the outset of the matter, then the business relationship or transaction(s) cannot proceed any further.

7. RECORD KEEPING PROCEDURES

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

- client identification evidence obtained
- details of all relevant business transactions carried out for clients

for at least five years. 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.

7.2 The precise nature of the records is not prescribed by law, however, they must be capable of providing an audit trail during any subsequent investigation, e.g., distinguishing the client and the relevant transaction and record in what form funds were received or paid.

7.3 In practice, the Service Areas will be routinely making records of work carried out for clients in the course of normal business and these should suffice in this regard.

7.4 Each Service Area of the council conducting regulated business must monitor, on an ongoing basis, their business relationships in terms of scrutinising transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds) to ensure that the transactions are consistent with their knowledge of the client, its business and risk profile.

7.5 Any record keeping should be in line with GDPR and the originating departments Privacy Statement.

8. TRAINING

8.1 The Council will take appropriate measures to ensure that all employees are made aware of the law relating to money laundering and will arrange targeted, ongoing training to key individuals most likely to be affected by the legislation.

9. REVIEW

9.1 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.

10. CONCLUSION

10.1 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.

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

Appendix A

OFFENCES TABLE

Section Ref	Type of Offence	Definition
S327 Proceeds of Crime Act 2002	Money Laundering Offence Concealing Criminal Property	A person commits an offence if they conceal, disguise, convert or transfer criminal property or if they remove criminal property from England, Wales, Scotland or Northern Ireland. This is punishable by a maximum term of imprisonment of 14 years at the Crown Court and an unlimited fine. At the Magistrates Court it is 6 months and £5,000 fine.
S328 Proceeds of Crime Act 2002	Money Laundering Offence Acquisition, Use and Possession	This offence is committed by anyone that has criminal proceeds in their possession provided they know or suspect that it represents the proceeds of a crime unless they paid 'adequate consideration' for it. Someone who pays less than the open market value is therefore guilty of the offence but someone who pays the full retail price, despite knowing or suspecting they are stolen goods is not guilty. The punishment is as for S327.
S329 Proceeds of Crime Act 2002	Money Laundering Offence: Acquisition, Use and Possession	This offence is committed by anyone that has criminal proceeds in their possession provided they know or suspect that it represents the proceeds of a crime unless they paid 'adequate consideration' for it. Someone who pays less than the open market value is therefore guilty of the offence but someone who pays the full retail price, despite knowing or suspecting they are stolen goods is not guilty. The punishment is as for S327.
S330 Proceeds of Crime Act 2002	Failure to Disclose Offence: Regulated Sector	This offence is committed by an employee of a business in the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels. Negligence is not a defence as the employee will be tried upon what they should have known given their

		<p>experience, knowledge and training. This is punishable by a maximum term of imprisonment of 5 years and/or a fine.</p>
<p>S331 Proceeds of Crime Act 2002</p>	<p>Failure to Disclose Offence: Nominated Officers in the Regulated Sector</p>	<p>This offence is committed by a nominated officer (MLRO) of a business in the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels without an acceptable excuse under the legislation.</p> <p>Negligence is not a defence as the nominated officer will be tried upon what they should have known given their experience, knowledge and training.</p> <p>This is punishable by a maximum term of imprisonment of 5 years and/or a fine.</p>
<p>S332 Proceeds of Crime Act 2002</p>	<p>Failure to Disclose Offence: Other Nominated Officers</p>	<p>This offence is committed by a nominated officer (MLRO) of a business outside of the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels without an acceptable excuse under the legislation. The officer will be tried on what they knew or suspected not on what they might have been expected to know or suspect.</p> <p>This is punishable by a maximum term of imprisonment of 5 years and/or a fine.</p>
<p>S333 Proceeds of Crime Act 2002</p>	<p>Tipping Off Offence</p>	<p>This offence is committed if an officer or Member makes 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.</p> <p>This is punishable by a maximum term of imprisonment of 5 years and/or a fine.</p>
<p>Reg 86 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017</p>	<p>Contravening a relevant requirement</p>	<p>A person commits an offence if they have not followed any relevant guidance issued by the European Supervisory Authorities, Financial Conduct Authority or any other relevant supervisory authority approved by the Treasury.</p> <p>This is punishable by a maximum term of imprisonment of 2 years at the Crown Court, a fine, or both. At the Magistrates Court a term of three months, a fine, or both.</p>

<p>Reg 87 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017</p>	<p>Prejudicing an investigation</p>	<p>This offence is committed when a person who knows or suspects that an appropriate officer is acting (or proposing to act) in connection with an investigation into potential contravention of a relevant requirement which is being or is about to be conducted. The offence is committed if either they make a disclosure which is likely to prejudice the investigation or they falsely, conceal, destroy or otherwise dispose of, or cause to permit the falsification, concealment, destruction or disposal of, documents which are relevant to the investigation.</p> <p>The punishment is as for Reg. 86 above.</p>
<p>Reg 88 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017</p>	<p>Providing false or misleading information</p>	<p>There are two separate offences under regulation 88.</p> <p>Under regulation 88(1) a person commits an offence if:</p> <ol style="list-style-type: none"> 1. In purported compliance with a requirement imposed on him by or under the MLR 2017, provides information which is false or misleading in a material particular and knows that the information is false or misleading; or 2. Is reckless as to whether the information is false or misleading. <p>In respect of both offences, the punishment is the same as Regs 86 and 87 above.</p>

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 • 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 • Large debt arrears paid in cash • Refunding overpayments • Deposits / payments for property • Movement of funds
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 overcomplicated client business structures /arrangements	<ul style="list-style-type: none"> • Requests to pay third parties in respect of goods / services

	<ul style="list-style-type: none"> • 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

MONEY LAUNDERING REPORT

Report to Money Laundering Reporting Officer

Money Laundering Activity

CONFIDENTIAL

To: (Insert name here) , Money Laundering Reporting Officer

From:
[insert name of employee]

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

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 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
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If yes, please specify below:

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

[Please tick the relevant box]

Yes

No

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)

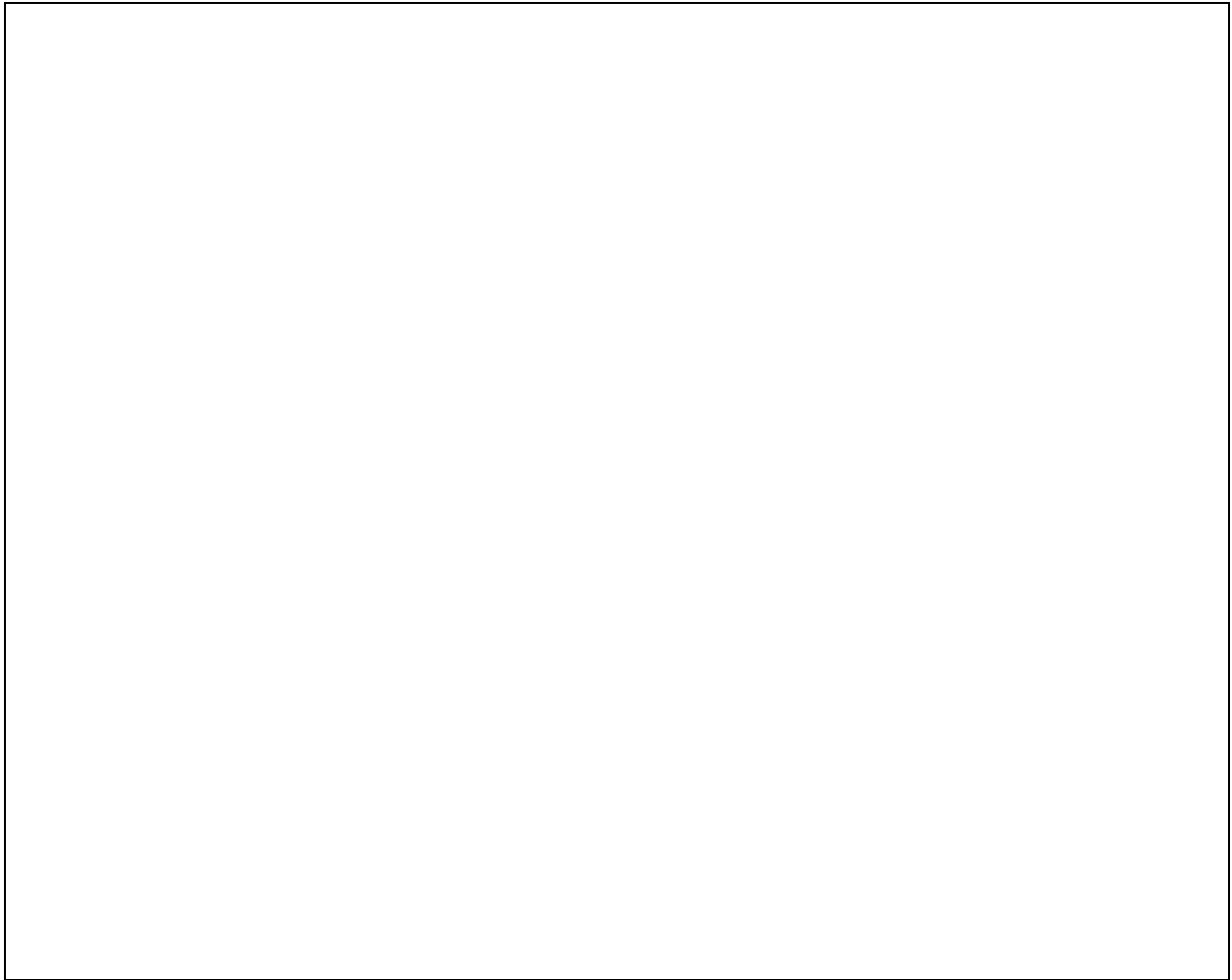
[Please tick the relevant box]

Yes

No

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 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 National Crime Agency? *[Please tick the relevant box]*

Yes

No

If yes, please confirm date of report to SOCA:

.....
and complete the box below:

Details of liaison with the National Crime Agency regarding the report:

Notice Period: to

Moratorium Period: to

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

Yes

No

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

Date consent received from National Crime

Agency:

Date consent given by you to employee:

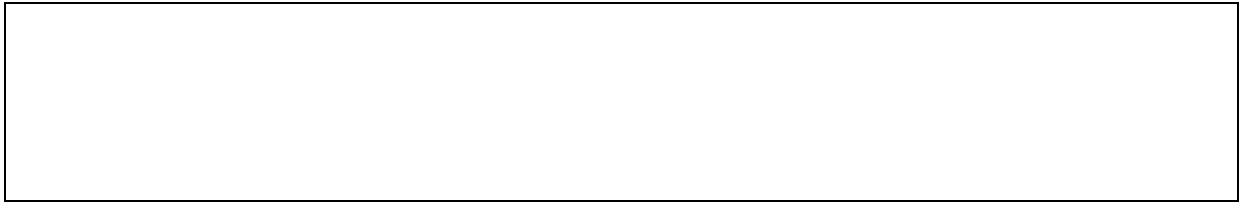
If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the National Crime Agency, please set out below the reason(s) for non-disclosure:

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

***Date consent given by you to employee
for any prohibited act/***

transactions to proceed:

Other relevant information:



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

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

Earliest Destruction date