

# Anti Money Laundering Policy

**Document Details:**

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# Worcestershire County Council: Anti Money Laundering Policy

## 1. Introduction

1.1 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.

1.2 Proceeds of Crime Act 2002 ('POCA') POCA is concerned with the laundering of proceeds of "criminal conduct" which is defined as any illegal conduct from which any benefit has been obtained, regardless of the amount. In addition, it includes conduct which would be illegal if it was carried out in the UK and would carry a penalty of imprisonment for more than 12 months, irrespective of whether it is illegal in the country of origin.

1.3 "Criminal property" is property of any description (not just cash) obtained, either in whole or part, from criminal conduct. It is immaterial who carried out the conduct, or who benefited from it.

1.4 Under POCA, the Council and all Personnel are required to report knowledge or suspicion of criminal conduct. Further guidance on "suspicion" is outlined below.

## 2. Scope of the Policy

2.1 This Policy applies to all employees of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations.

2.2 The Policy sits alongside the Council's Whistleblowing Policy and Anti-Fraud and Corruption Strategy.

2.3 Failure by a member of staff 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.

## 3. What is Money Laundering?

3.1 Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. 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); or

3.2 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.

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3.3 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.

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. ***The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).***

### 4. What are the obligations on the Council?

4.1 Organisations conducting “relevant business” 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;
- 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, company and property transactions undertaken by Legal Services. 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** staff are required to comply with the reporting procedure set out in section 6 below.

4.3 The following sections of this Policy provide further detail about the requirements listed in paragraph 4.1.

### 5. The Money Laundering Reporting Officer

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

Sean Pearce  
Chief Financial Officer  
Worcestershire County Council  
Resources Directorate  
P O Box 374  
County Hall  
Worcester  
WR5 2XF  
Email: [spearce@worcestershire.gov.uk](mailto:spearce@worcestershire.gov.uk)

5.2 In the absence of the MLRO the Head of Financial Management (Adults, Children's, Families and Communities) is authorised to deputise.

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### 6. Disclosure Procedure

#### Cash Payments

6.1 No payment to the Council will be accepted in cash (including notes, coins or travellers cheques in any currency) if it exceeds £5,000.

#### Reporting to the Money Laundering Reporting Officer (MLRO)

6.2 Any employee who suspects money laundering activity is taking place, or an 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.

6.3 The disclosure should be made to the MLRO or deputy using the proforma report attached at Appendix 1. The report must include as much detail as possible.

6.4 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.

6.5 The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. They 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

6.6 The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency ("NCA")  
<http://www.nationalcrimeagency.gov.uk/>.

6.7 The MLRO or deputy must, if they so determine, promptly report the matter to the NCA through the NCA website. Alternatively a SAR can be made via the SAR Online System: <https://www.ukciu.gov.uk/saronline.aspx>. NCA can be contacted 24 hours a day on 0370 496 7622.

6.8 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.

6.9 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. Customer Due Diligence

7.1 Where the Council is carrying out certain regulated business (accountancy, audit and tax services and legal services re financial, company or property transactions) and as part of this

a) forms an ongoing business relationship with a client

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b) undertakes a one off or occasional transaction amounting to €15,000 or more whether carried out as a single transaction or several linked ones

c) suspects money laundering or terrorist financing;

7.2 then the Customer Due Diligence Procedure must be followed before any business is undertaken for that client.

7.3 Customer due diligence means:

a) Identifying the customer and verifying the customer's identity on the basis of information obtained from a reliable and independent source e.g. conducting a search at Companies House.

b) Obtaining information on the purpose and intended nature of the business relationship.

7.4 The Regulations regarding customer due diligence are detailed but the following questions help determine whether it is necessary:

- Is the service a regulated activity?
- Is the Council charging for the service?
- Is the service being provided to a customer other than another UK public authority?
- If the answer to any of these questions is **no then there is no need to carry out customer due diligence.**

7.5 If the answer to all these questions is yes then customer due diligence needs to be carried out prior to conducting business for that client.

7.6 Where the "relevant business" is being provided to another UK public sector body then written, signed instructions on the body's headed paper should be obtained prior to the transaction being completed.

7.7 The requirement for customer due diligence applies immediately for new customers and should be considered on a risk sensitive basis for existing customers.

### 8. Record Keeping

8.1 Where the "relevant business" is carried out then the customer due diligence identification evidence and the details of the relevant transaction(s) for that client must be retained for at least five years.

8.2 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.

### 9. Guidance and Training

9.1 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

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- Give targeted training to those most likely to encounter money laundering.

### **10. Risk Management and Internal Control**

10.1 The risk to the County Council of contravening the anti money laundering legislation will be assessed on a periodic basis and the adequacy and effectiveness the Anti Money Laundering Policy will be reviewed in light of such assessments.

### **11. Further Information**

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

- Website of NCA – <http://www.nationalcrimeagency.gov.uk/> .
- Proceeds of Crime (Anti Money Laundering) – Practical Guidance for Public Service Organisations – CIPFA
- Anti Money Laundering (Proceeds of Crime and Terrorism) – Second Interim Guidance for Accountants – CCAB – [www.ccab.org.uk](http://www.ccab.org.uk)
- Money Laundering Guidance at [www.lawsociety.org.uk](http://www.lawsociety.org.uk)



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**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]*

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.***



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