

# Anti-Money Laundering Policy and Procedure

## Introduction

Money laundering is any process whereby funds derived from criminal activity are given the appearance of being legitimate. The Council must be alert to the possibility that attempts could be made to utilise funds obtained from criminal activity to pay for Council services.

The Council is committed to preventing money laundering by having anti-money laundering systems in place to establish the legitimacy of the sources of income.

This Anti-Money Laundering Policy makes it clear that it is extremely important that all employees are familiar with:

- the legal responsibilities;
- the serious criminal sanctions that may be imposed for breaches of the money laundering legislation;
- the need to be vigilant and take appropriate steps to reduce the opportunities for breaches of the Money Laundering Regulations 2007 (the Regulations);
- The key requirement to promptly report (disclose) any suspected money laundering activity to the Money Laundering Reporting Officer.

## Legal requirements

The regulations set out detailed requirements for the Council to establish procedures to prevent its services being utilised for the purposes of money laundering. In addition, to adherence with the Regulations the Council must also comply with the Terrorism Act 2000 which makes it illegal to financially support money laundering for the purposes of terrorism. The Proceeds of Crime Act (POCA) 2002 further defines the offences of money laundering, creates mechanisms for investigating and recovering the proceeds of crime as well as placing an obligation on the Council and its employees to report suspected money laundering activities.

## What is money laundering?

Money laundering is any process which is intended to use, control, hide or disguise monies or property which are the proceeds of 'crime'. The primary money laundering offences are:

- concealing, disguising, converting, transferring or removing criminal property from the UK (section 327 of 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 (section 328 of POCA);
- acquiring, using or possessing criminal property (section 329 of POCA);
- 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).

There are also two secondary offences:

- failure to disclose any of the three primary offences;
- tipping off the people suspected of being involved in money laundering, in such a way as to reduce the likelihood of them being investigated or prejudicing an investigation.

## **Which service areas are affected by money laundering?**

The Money Laundering legislation defines 'regulated activity' as the provision 'by way of business' of advice about tax affairs, accounting services, treasury management, investment or other financial services, audit services, legal services, estate agency, services involving the formation, operation or arrangement of a company or trust or, dealing in goods wherever a transaction involves a payment of €15,000 (approx. £12,500) or more.

To help prevent money laundering, cash payments (including notes, coin or travellers cheques in any currency) above £5,000 will not be accepted for any Council service.

## **Establishing the identity of a customer (due diligence)**

Where the Council is carrying out certain 'regulated activities', extra care is required to confirm the identity of the customer. Documents, data or information obtained from reliable and independent sources should be checked – this is known as carrying out customer due diligence.

However, if the answer to any of the following three questions is no then there is no need to carry out customer due diligence.

- Is the service a regulated activity?
- Is the Council charging for the service?
- Is the service being provided to a customer other than a UK public authority?

If the answer to all questions is yes then customer due diligence must be carried out before any business is undertaken with the customer. If there is uncertainty whether customer due diligence is required then advice must be obtained from the Money Laundering Reporting Officer.

Due diligence can be used to evidence a customer's identity by, for example:

- checking with the customer's website to confirm their business address
- conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any directors
- Conducting personal identity checks for example, requesting that the customer provide their current passport/driving licence, birth certificates

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
- 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.

If it is believed that enhanced customer due diligence is required then the Money Laundering Reporting Officer should be consulted prior to carrying it out. Customer due diligence should be completed for all relevant new customers and for existing customers, during the life of a business relationship, proportionate to the risk of money laundering and terrorist funding.

If, at any time, it is suspected that a client or customer for whom the Council is currently, or is planning to carry out a regulated activity with, is involved in money laundering activities, terrorist financing, or has lied about their identity then this must be reported to the Money Laundering Reporting Officer.

## Reporting suspected cases of Money Laundering

Where an employee or Councillor knows or suspects that money laundering activity is taking/has taken place, or becomes concerned that their involvement in a matter may amount to a prohibited act under sections 327 to 329 of POCA, they must disclose this without delay or as soon as reasonably practicable to the Money Laundering Reporting Officer. Failure to report such activity may render the employee subject to prosecution and/or disciplinary action in accordance with the Council's disciplinary policy. The procedure for disclosure is:

- to complete a 'Disclosure Report to the Money Laundering Reporting Officer' (using a standard form) to include as much detail as possible e.g. name, date of birth, address, company names, directorships, phone numbers, nature of the activity etc;

The Council has appointed the following employee as the Money Laundering Reporting Officer (MLRO):

**Peter Farrow - Head of Audit Services**

Tel: (01902) 554460

e-mail: [peter.farrow@wolverhampton.gov.uk](mailto:peter.farrow@wolverhampton.gov.uk)

In the absence of the MLRO listed above, the following employee is authorised to deputise:

**Richard Morgan, Senior Audit Manager**

Tel: (01902) 555612

e-mail: [richard.morgan@wolverhampton.gov.uk](mailto:richard.morgan@wolverhampton.gov.uk)

Further advice on money laundering matters can also be obtained from:

**Mark Taylor – Director, Finance (S151 Officer)**

Tel: (01902) 556609

e-mail: [mark.taylor@wolverhampton.gov.uk](mailto:mark.taylor@wolverhampton.gov.uk)

**Kevin O'Keefe – Director of Governance/Monitoring Officer**

Tel: (01902) 554910

e-mail: [kevin.o'keefe@wolverhampton.gov.uk](mailto:kevin.o'keefe@wolverhampton.gov.uk)

## Investigating and Reporting Money Laundering

### How will the Money Laundering Reporting Officer investigate a disclosure?

The Money Laundering Reporting Officer will:

- acknowledge receipt of the disclosure report;
- assess the information provided to make a judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering activities and;
- prepare a Suspicious Activity Report (SAR) to the National Crime Agency (NCA), where appropriate;
- The employee or Councillor must follow any directions given by the Money Laundering Reporting Officer
- The employee or councillor must cease all involvement in the transaction (not make any further enquiries into the matter themselves) unless or until consent is provided by the NCA.
- The employee or Councillor must specify in the disclosure report if such consent is required to comply with any transaction deadlines.

- Any necessary investigation will be undertaken by the NCA. Employees and Councillors will be required to co-operate with any subsequent money laundering investigation.
- At no time and under no circumstances should the employee or Councillor voice any suspicions to the person(s) suspected of money laundering, even if the NCA has given consent to a particular transaction proceeding, without the specific consent of the Money Laundering Reporting Officer, otherwise a criminal offence of “tipping off” may be committed.
- Where the Money Laundering Reporting Officer concludes that there are no reasonable grounds to suspect money laundering then they shall mark the disclosure report accordingly and give their consent for any ongoing or imminent transaction(s) to proceed.
- All in-house disclosure reports and NCA Suspicious Activity Reports will be retained for a minimum of five years after the business relationship ends or an occasional transaction is completed.

### **Record Keeping**

Each area of the Council which conducts relevant business must maintain suitable records of any completed due diligence checks and details of relevant transactions must be maintained for at least five years. This provides an audit trail and evidence for any subsequent investigation into money laundering, for example, distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In practice, the business units of the Council will be routinely making records of work carried out for clients in the course of normal business and these should suffice in this regard.

### **Review of the Money Laundering Policy**

The Money Laundering Policy will be reviewed on an annual basis by the Head of Audit Services to ensure that it remains up to date, fit for purpose and represents generally acceptable good practice.