



# Anti-Money Laundering

## POLICY STATEMENT & PROCEDURES

### **Document Details:**

Owner/Lead Officer: Team Manager – Technical Accounting Team, Strategic Finance Section, Corporate Resources Department

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## Anti-Money Laundering Policy Statement and Procedures

This Statement sets out Leicestershire County Council's (the Council's) policy in relation to money laundering. It has the full support of both the Council's senior management in the form of the Chief Officers and elected members through Corporate Governance Committee (CGC).

The Council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets. The Council has an ongoing commitment to continue to improve its resilience to fraud, corruption (including bribery and money laundering) and other forms of financial irregularity.

The Council advocates **strict adherence** to its anti-fraud framework and associated policies. Whilst individual circumstances of each case will be carefully considered, in the majority of cases there will be a zero-tolerance approach to fraud and corruption (including bribery and money laundering) in all of its forms. The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal, loss recovery and/or referral to the Police and/or other agencies. The County Council's general belief and expectation is that those associated with it (employees, members, school governors, service users, contractors and voluntary bodies) will act with honesty and integrity.

This Anti-Money Laundering Policy is supplementary to the Council's wider Anti-Fraud and Corruption Strategy (the Strategy), which sets out what actions the Council proposes to take over the medium-term future to continue to develop its resilience to fraud and corruption. The Strategy sets out the key responsibilities with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management.

# Anti-Money Laundering Policy Statement and Procedures

## 1. Introduction

- 1.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came into force in June 2017 and, for any offences committed after 26 June 2017, replace the Money Laundering Regulations 2007.
- 1.2 The Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005), the Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001) and the MLR 2017 impact on certain areas of local authority business and place obligations on the Council and its employees to establish and adhere to internal procedures to prevent the use of their services for money laundering.

## 2. What is Money Laundering?

- 2.1 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);
  - 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 Terrorism Act 2000).

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.

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.

- 2.2 Money laundering is the process of channelling 'bad' money into 'good' money in order to hide the fact the money originated from criminal activity. Money

laundering often occurs in three steps: first, cash is introduced into the financial system by some means ("placement"), the second involves a financial transaction in order to camouflage the illegal source ("layering"), and the final step entails acquiring wealth generated from the transactions of the illicit funds ("integration"). An example is where illicit cash is used (placed) to pay for the annual non-domestic rates on commercial premises (possibly also 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.

Most money-laundering offences concern far greater sums of money since the greater the sum of money obtained from a criminal activity, the more difficult it is to make it appear to have originated from a legitimate source or transaction.

- 2.3 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. **A key requirement is for employees to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).**

### 3. Scope of the Policy

- 3.1 This Policy applies to all employees of Leicestershire County Council ('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.
- 3.2 The Policy sits alongside the Council's suite of documents governing counter fraud, including the Whistleblowing Policy, Employee Code of Conduct, Members' Code of Conduct and Anti-Fraud and Corruption Strategy.
- 3.3 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.

### 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 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 Team Manager – Technical Accounting Team, Strategic Finance Section who can be contacted as follows:

Team Manager – Technical Accounting Team  
Strategic Finance Section  
Corporate Resources Department  
Leicestershire County Council  
County Hall  
Glenfield  
Leicestershire  
LE3 8RB

Email: ✉ [finance@leics.gov.uk](mailto:finance@leics.gov.uk)  
Telephone: ☎ 0116 305 7627 (direct line)

- 5.2 In the absence of the MLRO, the Assistant Director – Finance, Strategic Property & Commissioning, is authorised to deputise (☎ 0116 305 7668).

## 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 £5,000.** This does not, however, mean that cash transactions below this value will be valid and legal and should not arise any suspicion. Professional scepticism should remain at all times.
- 6.2 Staff who collect cash payments are asked to provide the details of any cash transaction over £5,000 to the MLRO so that precautionary checks can be performed. It is best practice to insist on payment by cheque or electronically from a UK clearing bank.
- 6.3 The Council, in the normal operation of its services, accept payments from individuals and organisations. If an employee has no reason to suspect or know that money laundering activity is taking/has taken place and if the money offered is less than £5,000 in cash as payment or part payment for goods/services offered by the Authority, then there is no need to seek guidance from the MLRO.

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 £5,000 or more in cash, then

payment must not be accepted until guidance has been received from the MLRO even if this means the person must be asked to wait.

- 6.4 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 (MLRO)

- 6.5 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.**
- 6.6 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.
- 6.7 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

- 6.8 The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency (NCA).
- 6.9 The MLRO or deputy must, if they so determine, promptly report the matter to the NCA on their standard 'Suspicious Activity Report' (SAR) form and in the prescribed manner. Up to date forms can be downloaded from the NCA website at:
- [https://www.ukciu.gov.uk/\(osvifg55vxdphzrs40egnj45\)/saronline.aspx](https://www.ukciu.gov.uk/(osvifg55vxdphzrs40egnj45)/saronline.aspx) (a direct link to the NCA's electronic SAR referral form)
- <https://www.gov.uk/guidance/money-laundering-regulations-report-suspicious-activities#how-to-submit-a-suspicious-activity-report> (general advice on the referral process)
- 6.10 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 facilitate the recording of any action taken.
- 6.11 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 him 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.

8.2 It is not possible to give a definitive list of ways in which to spot money laundering but facts which tend to suggest that something “odd” is happening may be sufficient for a reasonable suspicion of money laundering to arise. Appendix 2 sets out some of the warning signs of potential money laundering activity.

## 9. Risk Management and Internal Control

9.1 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.

## 10. Further Information

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

- Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005)
- Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001)
- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017)
- National Crime Agency (NCA) – <http://www.nationalcrimeagency.gov.uk/>
- CIPFA - <http://www.cipfa.org/members/members-in-practice/anti-money-laundering>

- CCAB - Anti-Money Laundering (Proceeds of Crime and Terrorism) – Guidance for the Accountancy Sector – <https://www.ccab.org.uk/wp-content/uploads/2020/10/AMLGuidance2020.pdf>
- The Law Society - Anti-Money Laundering Guidance and Advice - [www.lawsociety.org.uk/advice/anti-money-laundering/](http://www.lawsociety.org.uk/advice/anti-money-laundering/)

## 11. Policy review

The Director of Corporate Resources (s.151 Officer) and the Council's Corporate Governance Committee will ensure the continuous review and amendment of this policy document. The review process will take into account any legislative changes and will ensure that the policy. The review process will take into account any legislative changes and will ensure that the policy remains compliant with good practice national public sector standards, primarily CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and the Local Government Fraud Strategy – Fighting Fraud Locally, and meets the needs of Leicestershire County Council.

Responsible Officer: Team Manager – Technical Accounting Team (Money Laundering Reporting Officer)

Next Review date: October 2024 (and biennially thereafter)

## 12. Appendices

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

[Appendix 2](#) – Possible Signs of Money Laundering



**APPENDIX 1: MONEY LAUNDERING DISCLOSURE FORM**

***THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MONEY LAUNDERING REPORTING OFFICER (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?**

Yes/No (please select the relevant option)

**If yes, please confirm date of report to the NCA:..... and complete the box below:**

**Details of liaison with 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?**

Yes/No (please select the relevant option)

**If yes, please enter full details in the box below:**

**Date consent received from 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 NCA, please set out below the reason(s) for non-disclosure:***

*[Please set out reasons for non-disclosure]*

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

.....

Other relevant information:

**Signed:** .....

**Dated:** .....

**THIS REPORT IS TO BE RETAINED FOR AT LEAST FIVE YEARS.**

## **APPENDIX 2: POSSIBLE SIGNS OF MONEY LAUNDERING**

It is not possible to give a definitive list of ways in which to spot money laundering but facts which tend to suggest that something “odd” is happening may be sufficient for a reasonable suspicion of money laundering to arise.

The following are the types of risk factors which *may*, either alone or cumulatively with other factors, suggest the possibility of money laundering activity:

- 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 or 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;
- Overpayments by a customer;
- Absence of an obvious legitimate source of the funds;
- Movement of funds to and from overseas;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal expectations;
- Cancellation or reversal of an earlier transaction.