



Finance Sub-Committee – 22 June 2015

Anti-Money Laundering Policy

Purpose of report

To introduce the Council's new Anti-Money Laundering Policy for consideration and approval.

Attachment(s)

Appendix 1 – Anti-Money Laundering Policy

Appendix 2 – Equality Impact Assessment

1.0 Background

1.1 The Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002 broadened the definition of money laundering and increased the range of activities covered by the statutory framework. The Council, as a Local Authority, does not have a statutory duty to comply with these regulations. However, the Council is committed to following best practise and to establish internal procedures to prevent money laundering in all of its dealings and relationships.

2.0 Anti-Money Laundering Policy

2.1 Money laundering is widely defined as 'possessing, concealing, disguising or in any way dealing with the proceeds of any crime by any person known or unknown'.

2.2 The Council expects staff, suppliers and contractors to lead by example in combating money laundering. Where money laundering is suspected it will be dealt with seriously.

2.3 This policy enables the Council to meet its legal requirements in a proportionate manner that recognises that there is only a low risk of the Council contravening the legislation. It also serves to protect Council employees by making them aware of their personal obligations and to provide them with a mechanism to raise any concerns.

2.4 The Anti-Money Laundering Policy includes:

- An overview of the regulations around money laundering and associated crime
- Money laundering definition and overview of associated activities
- The Council's obligations and how it will comply with the regulations
- Responsibilities of all employees and managers
- Money laundering disclosure process
- Anti-Money Laundering – Employee Guidance

3.0 Equality and Diversity Implications

3.1 An equality impact assessment has been carried out (See **Appendix 2**). There are no equality and diversity implications arising from the proposals.

4.0 Legal Implications

4.1 The Council is complying in accordance with Money Laundering Regulations 2007, Proceeds of Crime Act 2002 and Terrorism Act 2000. There are no additional legal implications arising from the proposals.

5.0 Risk Management

5.1 The risk of contravening money laundering regulations and subsequent financial loss to the Council is reduced as a result of implementation of this policy.

6.0 Financial Implications

6.1 There are no financial implications arising from the implementation of this policy. However, the Council will increase its protection against the risk of financial loss through fraudulent activity relating to money laundering.

7.0 Corporate Outcomes

7.1 The Corporate Outcomes affected by this policy are:

- Good quality of life: safe
- Effective partnership working
- Effective management
- Councillors and staff with the right knowledge, skills and behaviours

8.0 Recommendation

8.1 The Sub-Committee considers the Equality Impact Assessment (**Appendix 2**)

8.2 The Sub-Committee is recommended to resolve to recommend to the Policy and Resources Committee that the draft policy (**Appendix 1**) be approved.

Legal	Power: Money Laundering Regulations 2007, Proceeds of Crime Act 2002, Terrorism Act 2000				
	Other considerations:				
Background Papers:					
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Date: 19 May 2015					
CFO 10/6/15		MO		CX 10/6/15	



East
Northamptonshire
Council

Anti-Money Laundering Policy



Definition, prevention, disclosure of money
laundering and employee guidance

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Change History

Issue	Date	Comments
0.1	May 2015	New Policy following Internal Audit recommendation
0.2	May 2015	Front page
0.3	May 2015	Amendments to staff guidance

NB: Draft versions 0.1 - final published versions 1.0

Consultees

Internal	External
All staff and managers	Members

Distribution List

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All staff and managers	Agency staff/ Volunteers/ Agents/ Members/ Suppliers/ Partners/ Contractors

Links to other documents

Document	Link

Additional Comments to note

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1 Introduction / foreword

- 1.1 The Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002 broadened the definition of money laundering and increased the range of activities covered by the statutory framework. The Council, as a Local Authority, does not have a statutory duty to comply with these regulations. However, the Council is committed to following best practice and will therefore establish internal procedures to prevent money laundering in all of its dealings and relationships.
- 1.2 This policy enables the Council to meet its legal requirements in a proportionate manner that recognises that there is only a low risk of the Council contravening the legislation.
- 1.3 The Council expects staff, suppliers and contractors to lead by example in combating money laundering. Where money laundering is suspected it will be dealt with seriously. Failure to comply with the procedures set out in the policy and guidance may lead to disciplinary action
- 1.4 This policy serves to protect Council employees by making them aware of their personal obligations and to provide them with a mechanism to raise any concerns.
- 1.5 This policy should be read in conjunction with the supporting Anti-Money Laundering - Employee Guidance (Appendix A).

2 Scope

- 2.1 This policy covers all Council activities and applies to all Council employees, Members, temporary and agency staff, volunteers, contractors, agents, consultants and partners acting on the Council's behalf, all of whom could potentially contravene the money laundering regulations.

3 Policy outcomes

- 3.1 The outcomes to be delivered by this policy are:

Policy outcomes	Links to corporate outcomes (delete as appropriate)
<ul style="list-style-type: none">• Appropriate action is taken to prevent, reduce and report crime in relation to money laundering activities• Staff, managers and other affected parties are made aware of the Councils' obligations and understand their responsibilities in respect of money laundering	<ul style="list-style-type: none">• Effective partnership working• Effective management• Councillors and staff with the right knowledge, skills and behaviours

4 Definition

- 4.1 Money laundering is generally used when describing the activities of organised crime where the intention is to 'legitimise' income by creating a plausible explanation for its source. However, for most people who come across it or are affected by it, it will involve a suspicion that someone you know, or know of, is benefitting from dishonest activities.
- 4.2 Legally, money laundering is defined as:
- concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the Proceeds of Crime Act 2002);
 - 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 the Proceeds of Crime Act 2002);
 - acquiring, using or possessing criminal property (section 329 of the Proceeds of Crime Act 2002);
 - 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)
- 4.3 Potentially any individual could contravene the money laundering provisions if they know of, or suspect money laundering, and either become involved with it in some way and/or do not report it. In addition, an offence of "Tipping off" could be committed should an individual make a disclosure that is likely to prejudice a current or potential investigation into any potential money laundering (section 342 of the Proceeds of Crime Act 2002).
- 4.4 Whilst the risk to the Council of contravening the legislation is low because it does not deal in cash transactions, **it is important that all employees are familiar with their legal responsibilities**, as serious criminal sanctions may be imposed for breaches of the legislation with potentially heavy penalties, including imprisonment, for those who are convicted of breaking the law.
- 4.5 The Council's Monitoring Officer has overall responsibility for this policy and is the Council's Money Laundering Reporting Officer. This role includes carrying out regular reviews of the Council's operational experience under this policy to ensure that all Council activities and any organisational changes still comply with best practice or changes in legal requirements. In the absence of the Monitoring Officer, the Finance Manager is authorised to deputise
- 4.7 The Council's Chief Finance Officer will also have a role to assist the Monitoring Officer as required and ensure the integrity of any proceedings under this policy, including decisions on the procedure to be followed in case of doubt, is maintained.

5 The Council's obligations

- 5.1 To comply with its statutory obligations the Council has:
- Ensured it has a Money Laundering Reporting Officer
 - Implemented a procedure for the reporting of money laundering suspicions. This has been communicated to its employees through this policy in the Anti-Money Laundering Employee Guidance section of this policy.

6 Prevention

- 6.1 The Council is committed to working and co-operating with other organisations to prevent money laundering. Wherever possible, subject to data protection obligations, the Council will help, and exchange information with, other councils and public bodies to deal with money laundering. Where the Council suspects that money laundering has occurred it will consult directly with those external agencies as appropriate.
- 6.2 The Council will do all it can to prevent, wherever possible, the Council and its staff being exposed to money laundering, to identify potential areas where it may occur and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases. It is impossible to provide a complete list of activity that may be subject to money laundering but some high risk areas can be found at Appendix C.
- 6.3 The Council does not accept cash payments and offers alternative payment methods. Payees are asked to pay any sums owed to the Council by cheque or other financial instrument such as debit/credit card or direct debit. These provide an evidence trail so are much lower risk, especially if payments in and out are made via the same method
- 6.4 Where the Council is entering into a relationship with a new customer/client .e.g. setting up a new creditor or new council tax account, steps should be taken by staff to confirm the identity of that customer. Written instructions at the outset of the matter on either the organisation's official letterhead, or an email from the organisation, are regarded as being appropriate evidence of identity. .

7 Responsibilities

- 7.1 The prevention, detection and reporting of money laundering and other forms of corruption are the responsibility of all employees working for the Council. Employees are expected to be aware of the possibility that money laundering may exist in the workplace and to share any concerns with their manager.
- 7.2 Employees should make sure that they are aware of their personal responsibilities in relation to money laundering by reading and understanding and complying with this policy (including the Anti-Money Laundering – Employee Guidance in Appendix A). In addition, they must adhere to the standards of personal conduct and behaviour outlined in Council's Officer Code of Conduct (The Council's Constitution Part 5.2)
- 7.3 It is the responsibility of the individual starting a relationship or transaction with the council to obtain satisfactory evidence of identity before any financial transactions take place. Written instructions at the outset of the matter on either the organisation's official letterhead, or an email from the organisation, are appropriate evidence of identity. If the identity cannot be confirmed in this way the matter should be reported to the Monitoring Officer before taking any further action.
- 7.4 Managers within the Council are responsible for ensuring that staff are provided with a copy of this policy and they understand their responsibilities under it.

- 7.5 Managers must carry out the following:
- ensure that awareness training is provided where appropriate, especially in services where staff are at greater risk of being exposed to money laundering activities.
 - ensure that any reports or suspicions of money laundering are reported to the Monitoring Officer without delay
 - take appropriate action to ensure staff are protected from any form of victimisation, bullying or harassment
- 7.6 The Monitoring Officer will, where there is evidence of money laundering, disclose the matter as soon as practicable to the National Crime Agency (NCA). In reaching the decision whether to report to the NCA, the Monitoring Officer may undertake further enquiries to ensure that all available information is taken into account, such as:
- reviewing other transaction patterns and volumes; and
 - consider the length of any business relationship involved.
- All enquiries will be made in such a way as to avoid tipping off those involved.
- 7.7 Where the Monitoring Officer concludes that there are no reasonable grounds to suspect money laundering then he/she shall mark the report accordingly and give consent for any ongoing or imminent transaction(s) to proceed.
- 7.8 All disclosure reports referred to the Monitoring Officer, and reports made by them to the NCA, will be retained by the Monitoring Officer in a confidential file kept for that purpose, for a minimum of five years.

8 Conclusion

- 8.1 Given the nature of what the Council does and who it can provide services for, instances of suspected money laundering are unlikely to arise.
- 8.2 **However please take prompt and proper action if you have any suspicions** and feel free to consult the Monitoring Officer at any time should you be concerned with any issues relating to money laundering.

Anti-Money Laundering - Employee Guidance

1 Introduction

- 1.1 This guidance note supports the Council's Anti-Money Laundering Policy. All employees should read this policy and understand their responsibilities in respect of money laundering. You should be aware that under the legislation it is a criminal offence to:
- assist a money launderer
 - "tip off" a person suspected to be involved in money laundering that they are suspected or that they are the subject of police investigations
 - fail to report a suspicion of money laundering and
 - acquire, use or possess criminal property

2 When might money laundering occur?

- 2.1 It is impossible to give a definitive list of ways in which to spot money laundering. At all times staff should:
- be wary of unusually large cash transactions
 - be wary of the absence of an obvious legitimate source of funds
 - be alert to the possibility of money laundering by a client or a prospective client
- 2.2 To take a recent example, another council reported a suspected case of money laundering to the police. In this case, a council tax payer had set up a direct debit to pay an annual council tax bill by instalments. A lump sum overpayment was then made by credit card. The customer subsequently requested a refund to be paid into the account from which the direct debit had been set up. After further investigation, it was established that the credit card used to make the original payment had, in fact, been reported as stolen.

Please be alert and report any suspicions you have as soon as possible, via the attached disclosure form (Appendix B) to the Monitoring Officer.

3 What should I do if I suspect Money Laundering?

- 3.1 Where you know or suspect that money laundering activity is taking/has taken place, you must disclose this as soon as practicable to the Monitoring Officer, using the attached disclosure form, who will advise you on what action needs to be taken.
- 3.2 Once the individual has reported the matter to the Monitoring Officer they must not make any further enquiries into the matter.
- 3.3 Under no circumstances should an individual voice any suspicions to the person(s) suspected of money laundering.
- 3.4 Employees should not make any reference on a client file to a report having been made to the Monitoring Officer.

MONEY LAUNDERING DISCLOSURE FORM	
Please complete all possible sections	
Date of Disclosure	
Name and Job Title of Officer making disclosure	
Officer Contact Details	
Subject Details	
Title	
Surname	
Forename	
Date of Birth	
In case of a legal entity (company)	
Name	
Address	
Company Number (if known)	
Reason for Disclosure	
<i>Please explain why you are suspicious. Outline the details of the activities and who was involved (what, when, where, how). Please provide as much information as you can , including copies of any relevant supporting documentation . Continue on a separate sheet, if necessary.</i>	
Please pass this form as quickly as possible to the Monitoring Officer.	

High risk areas for Money Laundering

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

Universal risk factors

- A secretive customer/client: e.g. refuses to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity, identity or location of a customer/client;
- Illogical third party transactions, such as the unnecessary routing or receipt of funds from third parties or through third party accounts;
- Significant overpayments by a client and subsequent requests for refunds;
- Involvement of an unconnected third party without logical reason or explanation;
- Absence of an obvious legitimate source of the funds;
- Movement of funds overseas, particularly to a higher risk country or tax haven;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location or type of a client) is out of line with normal expectations;
- Refunds following the cancellation or reversal of an earlier transaction;
- Poor business records or internal accounting controls;
- Extensive use of corporate structures and trusts in circumstances where the customer/client's needs are inconsistent with the use of such structures;
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking).
- A request is made for the refund to be paid via a different method to which it was paid (e.g. originally paid by credit card and request to refund amount to a bank account).

Property transaction risk factors

- Unusual property investment transactions if there is no apparent investment purpose or rationale;
- Funds received for deposits or prior to completion, in respect of a property transaction, from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination.



EIA Initial Screening Form – policy

1. Name of Policy:	
2. Name and Job title / role of person completing Initial Screening:	Michelle Drewery, Finance Manager
3. What is the main purpose of the Policy?	<p>To ensure appropriate action is taken to prevent, reduce, report crime in relation to money laundering activities</p> <p>To ensure awareness of money laundering is implemented across the Council</p> <p>Staff, managers and other affected parties are made aware of the Councils' obligations and understand their responsibilities in respect of money laundering</p> <p>To provide employees with guidance on money laundering and to alert them to the possibility of prosecution if they neglect to report their suspicions of money laundering activity</p>
4. Who is the Policy aimed at?	This policy applies to all Council employees, Members, temporary and agency staff, volunteers, contractors, agents, consultants and partners acting on the Council's behalf, all of whom could potentially contravene the money laundering regulations.
5. How is the success of the Policy measured?	It is difficult to attach a performance measure in this instance
6. Are equality monitoring systems for the Policy in place?	No

7. Use the following table to indicate using a ✓:

- a) Where you think that the Policy could have a positive impact on any of the groups or contribute to promoting equality of opportunity or improving relations within equality groups.
- b) Where you think that the Policy could have a negative impact on any of the equality groups i.e. it could disadvantage them.
- c) Where you think that the Policy could have a neutral impact on any of the equality group i.e. no impact

Equality Group	Positive Impact	Negative Impact	Neutral Impact	Reason
Gender:				
Women/Girls			✓	
Men/Boys			✓	
Transgender people			✓	
Sexual Orientation:				
Lesbians, gay men and bisexuals			✓	
Race/Ethnicity:				
White British people			✓	
White non-British people (including Irish people)			✓	
Asian or Asian British people			✓	
Black or Black British people			✓	
People of mixed heritage			✓	
Chinese people			✓	
Travellers (Gypsy/Roma/Irish heritage)			✓	
People from other ethnic groups			✓	
People who do not have English as their first language			✓	

Equality Group	Positive Impact	Negative Impact	Neutral Impact	Reason
Disability:				
Physical impairment, e.g mobility issues which mean using a wheelchair or crutches.			✓	
Sensory impairment, e.g blind/having a serious visual impairment, deaf/having a serious hearing impairment.			✓	
Mental health condition, e.g depression or schizophrenia			✓	
Learning disability/difficulty, e.g. Down's syndrome or dyslexia, or cognitive impairment such as autistic spectrum disorder			✓	
Long-standing illness or health condition, e.g. cancer, HIV. Diabetes, chronic heart disease or epilepsy			✓	
Other health problems or impairments (<i>please specify if appropriate</i>)			✓	
Age:				
Older People (60+)			✓	
Children and Young People (see guidance for definition)			✓	
Religion/Belief:				
Christian			✓	
Buddhist			✓	
Hindu			✓	
Jewish			✓	
Muslim			✓	
Sikh			✓	
Other religion (including holding no belief)			✓	

Equality Group	Positive Impact	Negative Impact	Neutral Impact	Reason
Other Potentially Affected Groups				
Rural Isolation - People who live in rural areas e.g isolated geographically, lack of internet access			✓	
Socio-economic Exclusion – e.g. people who are on benefits, have low educational attainment, single parents, people living in poor quality housing, people who have poor access to services, the unemployed or any combination of these and the other protected strands			✓	
Any other potentially affected groups (<i>please specify</i>)			✓	
8. If you have indicated that there is a negative impact on any group:				
a) Is that impact against legislation?	Yes	No		
b) What is the level of impact?	High	Low		
9. Could you minimise or remove any negative impact that is of low significance?	How?			
10. Could you improve a positive impact of the Policy?	How?			
11. If there is no evidence that the Policy promotes equality of opportunity or improved relations, could it be adapted so that it does?	How?			
Head of Service signature				
Date of Initial Screening:				



NOTE

If a negative impact has been highlighted and it is possibly discriminatory and not intended and/or of high impact you must complete a Full EIA.

If not, you should still consider if completing a Full EIA would be helpful in making a thorough assessment.

Full EIA Assessment Form

12. Name of Policy:	
13. Looking back at the Initial Screening Form, in what area(s) are there concerns that the Policy could have a negative impact? (✓ all that apply)	
Gender:	
Sexual orientation:	
Race/Ethnicity	
Disability:	
Age	
Religion/Belief	
Rural isolation	
Socio-economic exclusion	
Any other affected groups:	
14. Summarise the likely negative impacts:	
15. What consultation on this Policy has already taken place with groups/individuals from equality target groups?	
16. What does it indicate about the negative impact of this Policy?	

17. What consultation will be conducted/is planned on this Policy with equality target groups?	
18. Once this consultation activity has taken place, indicate the outcomes:	
19. What consultation on this Policy has already taken place with staff - including those that have, or will have direct experience of implementing the Policy?	
20. What does it indicate about the negative impact of this Policy?	
21. What consultation will be conducted/is planned on this Policy with staff?	
22. Once this consultation activity has taken place, indicate the outcomes:	
23. What relevant research/data/reports concerning the equality target groups have been used in the planning of this Policy and what does it tell us about the negative impact?	
24. What research concerning the equality target groups needs to be conducted in relation to this Policy?	
25. Once this has been carried out, what does it tell us about the negative impact?	
26. If there are any research gaps, are there any experts/relevant groups that can be contacted to obtain views and evidence on the issues?	
27. Once they have been contacted, what information have we found out?	

28. Is it important that we conduct/commission specific research on this issue? Explain the research required:	
29. If we need to conduct /commission research what are the likely timescales and resource implications / costs involved?	
30. If you require further information, what will you do in the interim to address the negative impact?	
31. List the changes that have been identified which will ensure that the negative impact is addressed:	
32. Have you introduced changes you planned, with any necessary training?	Give details :
33. Does everyone involved in the Policy know and understand what you have done?	
Now complete the action planning form which will detail the changes that need to be made to this Policy.	



Equality Impact Assessment Action Plan

Action identified	Key activity	How will we know this has been achieved? (measures, milestones and dates)	Officer responsible	Quarterly progress update

Planned date for next EIA exercise