

ANNEX D



Policy Owner	
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## **1 Introduction**

- 1.1 The need for this policy derives from the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007. The Council's legal obligations impact on certain areas of the business and requires Cambridgeshire County Council (CCC) to establish internal procedures to prevent the misuse of services to launder money.
- 1.2 This policy details the controls to prevent and protect against money laundering and terrorist financing

## **2 Scope of the policy**

- 2.1 This policy applies to all employees and contractors / agents of CCC. The policy sets out the procedures which all officers must follow where they suspect or know that a transaction involves money laundering.

## **3 What is Money Laundering?**

- 3.1 Money laundering is how criminally obtained money or other assets are exchanged for money or assets with no obvious link to their criminal origins. It also covers money, however obtained, which is used to fund terrorism.
- 3.2 Money laundering can take many forms such as:
  - Concealing, disguising, converting, transferring or removing criminal property from the UK;
  - Entering into or becoming involved in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property;
  - Acquiring, using or possessing criminal property;
  - Attempting or helping any of the above offences;
  - Involvement in an arrangement which facilitates the control of money or property destined for, or the proceeds of, terrorism;

## **4 How do you detect money laundering**

4.1 There is no one method of laundering money. For this reason, it is important that the Council (via its employees and contractors and agents) should be vigilant and alert to possible signs of money laundering through the Council's services.

4.2 At all times, you should;

- Be wary of cash transactions. 'Cash' for this purpose means notes, coins or travellers' cheques in any currency;
- Take care when commencing business with a new client (establish identity as per below where applicable);
- Be alert to the possibility of money laundering by a client or a prospective client;
- Keep records (as per below where applicable);

## **5 Council's Obligations**

5.1 The Money Laundering regulations apply to specific persons, including certain institutions, auditors, accountants, tax advisers and legal professionals.

5.2 Strictly speaking, internal public sector services may not be covered by the legislation. However, public services are susceptible to money laundering activities and CCC must be able to demonstrate its compliance with the law in this area.

5.3 The Proceeds of Crime Act also creates offences relating to money laundering activities, as well as terrorist financing. Again public services may be targeted for this purpose and CCC must be able to demonstrate its compliance with this law.

5.4 CCC has therefore:

- appointed a Chief Internal Auditor to receive disclosures from employees of money laundering activities (their own concerns or that of someone else);
- implemented a reporting procedure where a person:
  - knows or suspects; or
  - has a reasonable ground for knowing or suspecting money laundering.
- Set out client identification procedures to be followed in certain circumstances
- Set down record-keeping procedures for the purposes of money laundering

5.5 All employees, contractors and agents of the public are therefore required to be familiar with the council's policy and to comply with the procedures set out in the following sections and particularly with the reporting procedure.

## **6 The Money Laundering Reporting Officer (MLRO)**

6.1 The officer nominated to receive disclosures about money laundering activities is the LGSS Chief Internal Auditor. This post is currently held by Duncan Wilkinson who can be contacted as follows:

Duncan Wilkinson  
 Chief Internal Auditor,  
 Civic Offices  
 Milton Keynes Council  
 1 Saxon Gate East  
 MK9 3EJ  
 Telephone: 01908 252089

Email address: [duncan.wilkinson@milton-keynes.gov.uk](mailto:duncan.wilkinson@milton-keynes.gov.uk)

6.2 In the absence of the MLRO, the CCC Director of Law & Governance (as CCC Monitoring Officer), is nominated to deputise as the MLRO until further notice. Quentin Baker can be contacted at 01223 727961, or email address [quentin.baker@LGSSLaw.co.uk](mailto:quentin.baker@LGSSLaw.co.uk)

## 7 Reporting Procedure

This section explains what you **MUST** do where you become suspicious or know that there is a money laundering or terrorist financing activity going on and how your report will be dealt with by the MLRO.

### 7.1 Reporting to the MLRO

7.1.1 Where you know or suspect or have reasonable grounds to know or suspect that a money laundering activity is taking place or has taken place, you must notify the MLRO **IMMEDIATELY** using the money laundering reporting form attached at appendix 1.

7.1.2 Similarly, where you believe your involvement in a matter may amount to a prohibited act under sections 327 – 329 of the Proceeds of Crime Act 2002 (see relevant provisions at appendix 2), you must disclose this to the MLRO using the form attached at appendix 1.

7.1.3 You must still report your concerns even if you believe that someone else has already reported their suspicions of the same money laundering activity.

**Warning: If you fail to report or disclose as above, you may be liable for prosecution for one or more offences.**

7.2 After reporting to the MLRO you **MUST**:

- **not** voice your suspicion to the suspected person or any third party;
- **not** disclose to anyone the fact the you have made the report;
- **not** make any further enquiries into the matter yourself;
- **not** make any reference on the file of the report;
- do nothing further on the matter unless you receive specific, written consent from the MLRO to proceed.

**Warning: If you fail to observe any of the above, you may be liable for prosecution for ‘tipping off’ or other offences.**

7.3 Once the MLRO receives the report, he/she will;

- (1) note the date of receipt and confirm to you that she/he has received the report;
- (2) advise you of the timescale within which he/she expects to respond to you;
- (3) conduct a provisional investigation into the matter;
- (4) undertake such other reasonable enquiries as appropriate, seeking specialist legal and financial advice (if appropriate);
- (5) make a timely determination as below:
  - (a) Where it is determined there are no reasonable grounds to suspect money laundering, he/she will record the reasons for the finding and give consent for the transaction to proceed.
  - (b) Where it is determined money laundering is suspected he/she:
    - (i) Will make a report to NCA (National Crime Agency), as soon as is practicable, and seek NCA's consent whether to proceed with the transaction.
    - (ii) Will advise the officer who made the report of any consent or refusal of consent from NCA.
    - (iii) May give consent for the transaction to proceed where 7 working days have passed since the disclosure to NCA and no refusal notice has been given; or where although the refusal notice has been given, the moratorium period of 31 days has expired since the date of when the refusal notice was given.
    - (iv) Take formal advice from the Director of Law and Governance IF there appears to be reasonable excuse for non-disclosure (eg legal professional privilege) to decide whether or not the matter should be disclosed to NCA.

- (v) Where the decision is made not to disclose to the NCA, he/she must record the decision and give consent for the transaction to proceed.

#### 7.4 The MLRO commits an offence:

7.4.1 if without reasonable excuse, she/he fails to disclose to NCA as soon as is practicable suspected money laundering reported to him/her (except as set out at 7.3.1 (5) (b) (iv) above)

7.4.2 where after reporting to NCA:

- he/she gives consent to an officer to proceed with the transaction without receiving such consent from NCA;
- where he/she gives such consent before hearing from NCA and the period of 7 working days has not expired since she/he made the disclosure to NCA;
- he/she gives such consent before the required moratorium period (of 31 days since the date of the refusal notice) has expired.

## 8 Client identification procedure (customer due diligence)

This section explains what you **MUST** do where you are involved in services identified as potential targets for money laundering or terrorist financing transactions. Verifying the identity of clients is a key process that reduces the risk of money laundering and terrorist financing.

8.1 Client/customer due diligence consists of:

- identifying the customer and verifying the client's identity on the basis of documents, data or information obtained from a reliable source;
- identifying a beneficial owner who is not a customer, where there is one, and taking adequate measures on a risk sensitive basis, to verify his/her identity;
- obtaining information on the purpose and intended nature of the business relationship.

8.2 You **must** conduct a 'customer due diligence' in the following circumstances ;

- when establishing a new business relationship;
- when carrying out an occasional transaction (a transaction which amounts to €15,000 or more (approximately £10,000) which is carried out in a single operation or several linked operations, and which is carried out other than as part of a business relationship);
- when you suspect money laundering or terrorist financing, regardless of the amount involved;
- when you doubt the veracity or adequacy of documents, data or information previously obtained for identification purposes.

8.3 You **must** complete the verification of the identity of the client (or beneficial owner) before you establish the business relationship or accept / process the transaction.

8.4 You may however, complete such identity verification after establishing the business relationship only if it is necessary not to interrupt the normal conduct of business and there is little risk of money laundering or terrorist financing occurring, but provided that the verification is completed as soon as practicable after contact is first established.

8.5 You should obtain evidence of identity as follows:

8.5.1 For internal clients:

- Written instructions on CCC headed paper signed and dated by the appropriate person; or an email from the Council's internal email system.
- The evidence should be kept on file identifying that it is evidence of the client's identity.

8.5.2 For external clients:

- Written instructions on the organisation's official headed paper, duly signed and dated by the appropriate person/s (It must be clear what position the signing person/s hold/s within the organisation); or an email from the organisation's e-

communication system that clearly identifies the sending company and person.

- The evidence should be kept on file identifying that it is evidence of the client's identity.
- Whenever dealing with a company, you must also verify the existence of the company. You must always request to be provided with the company's registration number which you can use to search for the company's existence at the companies house, and the registered address of the company.
- You must further ensure that the person instructing you has the authority from the company to do so.
- When dealing with an individual, identity evidence will be key, verifiable documents such as Driving Licence, Passport or other reliable document.

**It is very important that you do not take a tick box approach towards the client identification procedure. You must be satisfied with the authenticity of identification documents and where in doubt, please speak to your manager to see what other forms of identification you may request. The MLRO is able to provide tools that verify the validity of identification documents.**

8.6 Where satisfactory evidence of identity is not obtained from the outset or as soon as practicable (in the case of 8.5 above), then;

- You cannot establish a business relationship or carry out an occasional transaction with the client;
- You cannot proceed any further with the transaction (if applicable);
- You must consider whether you need to report the matter to the MLRO.

8.7 Where you are satisfied with the evidence of the identity and an ongoing business relationship is established with a client, you should still scrutinise transactions undertaken to ensure that they are consistent with your knowledge of the client or business and risk profile. You should also ensure that the identification documents are up to date.

## **9 Record keeping procedure**

9.1 It is essential that records are properly kept to aid in any subsequent investigation which may be carried out and to demonstrate the Council has met its responsibilities. Each service must keep the following records for a period of five years beginning from the date when the occasional transaction is completed or business relationship ends:

- evidence of the client's identity
- all supporting records, originals or copies, relating to the transaction

9.2 The MLRO must keep all records of any reports or disclosures received by him/her, action taken and the outcome.

**Report to Money Laundering Reporting Officer**

**Re: money laundering activity**

**To: Duncan Wilkinson, CCC Money Laundering Reporting Officer**

From: ..... Date: .....  
*[insert name of employee]*

Directorate: ..... Ext/Tel No: .....  
*[insert post title and section]*

**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]*

**Nature of suspicions (cont'd):**

*[Please continue on a separate sheet if necessary]*

**Has any investigation been undertaken (to your knowledge)?**

Yes      No

**If yes, please include details below:**

**Have you discussed your suspicions with anyone else?**

Yes      No

**If yes, please specify below and where applicable, explain why such discussion was necessary:**

**Have you consulted any supervisory body's guidance (e.g. the Law Society) on money laundering?**

Yes      No

**If yes, please specify below:**

**Do you have any grounds for believing that the matter should not be disclosed to NCA? (e.g. are you a lawyer and wish to claim legal professional privilege?)**

Yes      No

**If yes, please set out full details below:**

**Are you involved in a transaction which may involve a prohibited act under sections 327 – 329 of the Proceeds of Crime Act 2002 and which may require NCA’s consent?**

Yes    No

**If yes, please set out the details below:**

**Please set out below any other relevant information:**

**Signed:**.....

**Dated:**.....

*Do not discuss the content of this report with the person/s you suspect to be involved in the money laundering activities described or with third parties. To do so may constitute the offence of tipping off 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 report acknowledged .....

**CONSIDERATION OF DISCLOSURE:**

**Action Plan:**

**OUTCOME OF CONSIDERATION OF DISCLOSURE**

**Are there reasonable grounds for suspecting money laundering activity?**

Yes No

**If yes, please give reasons/details below:**



**Date consent received from NCA:** .....

**Date consent given by you to the 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:**

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

.....

**Other relevant information:**

**Signed:** .....

**Dated:** .....

This report should be retained for at least five years from the date when the occasional transaction or the business relationship to which it relates comes to an end.

**Signed:**.....

**Date:**.....

This report should be retained for at least five years from the date when the occasional transaction or the business relationship to which it relates comes to an end.

## **APPENDIX 2**

### **RELEVANT EXTRACTS FROM THE PROCEEDS OF CRIME ACT 2002**

#### **S.327 Concealing etc**

(1) A person commits an offence if he—

- (a) conceals criminal property;
- (b) disguises criminal property;
- (c) converts criminal property;
- (d) transfers criminal property;
- (e) removes criminal property from England and Wales or from Scotland or from Northern Ireland.

(2) But a person does not commit such an offence if—

- (a) he makes an authorised disclosure under section 338 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the appropriate consent;
- (b) he intended to make such a disclosure but had a reasonable excuse for not doing so;
- (c) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.

(3) Concealing or disguising criminal property includes concealing or disguising its nature, source, location, disposition, movement or ownership or any rights with respect to it.

### **S.328 Arrangements**

(1) A person commits an offence if he enters into or becomes concerned in an arrangement which he knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person.

(2) But a person does not commit such an offence if—

(a) he makes an authorised disclosure under section 338 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the appropriate consent;

(b) he intended to make such a disclosure but had a reasonable excuse for not doing so;

(c) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.

### **S.329 Acquisition, use and possession**

(1) A person commits an offence if he—

(a) acquires criminal property;

(b) uses criminal property;

(c) has possession of criminal property.

(2) But a person does not commit such an offence if—

(a) he makes an authorised disclosure under section 338 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the appropriate consent;

(b) he intended to make such a disclosure but had a reasonable excuse for not doing so;

(c) he acquired or used or had possession of the property for adequate consideration;

(d) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.

(3) For the purposes of this section—

(a) a person acquires property for inadequate consideration if the value of the consideration is significantly less than the value of the property;

(b) a person uses or has possession of property for inadequate consideration if the value of the consideration is significantly less than the value of the use or possession;

(c) the provision by a person of goods or services which he knows or suspects may help another to carry out criminal conduct is not consideration.

### **S.332 Failure to disclose: other nominated officers**

(1) A person nominated to receive disclosures under section 337 or 338 commits an offence if the conditions in subsections (2) to (4) are satisfied.

(2) The first condition is that he knows or suspects that another person is engaged in money laundering.

(3) The second condition is that the information or other matter on which his knowledge or suspicion is based came to him in consequence of a disclosure made under section 337 or 338.

(4) The third condition is that he does not make the required disclosure as soon as is practicable after the information or other matter comes to him.

(5) The required disclosure is a disclosure of the information or other matter—

(a) to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service;

(b) in the form and manner (if any) prescribed for the purposes of this subsection by order under section 339.

(6) But a person does not commit an offence under this section if he has a reasonable excuse for not disclosing the information or other matter.

### **S.333 Tipping off**

- (1) A person commits an offence if—
- (a) he knows or suspects that a disclosure falling within section 337 or 338 has been made, and
  - (b) he makes a disclosure which is likely to prejudice any investigation which might be conducted following the disclosure referred to in paragraph (a).
- (2) But a person does not commit an offence under subsection (1) if—
- (a) he did not know or suspect that the disclosure was likely to be prejudicial as mentioned in subsection (1);
  - (b) the disclosure is made in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct;
  - (c) he is a professional legal adviser and the disclosure falls within subsection (3).
- (3) A disclosure falls within this subsection if it is a disclosure—
- (a) to (or to a representative of) a client of the professional legal adviser in connection with the giving by the adviser of legal advice to the client, or
  - (b) to any person in connection with legal proceedings or contemplated legal proceedings.
- (4) But a disclosure does not fall within subsection (3) if it is made with the intention of furthering a criminal purpose.

### **S.334 Penalties**

- (1) A person guilty of an offence under section 327, 328 or 329 is liable—
- (a) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or to both, or
  - (b) on conviction on indictment, to imprisonment for a term not exceeding 14 years or to a fine or to both.
- (2) A person guilty of an offence under section 330, 331, 332 or 333 is liable—

- (a) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or to both, or
- (b) on conviction on indictment, to imprisonment for a term not exceeding five years or to a fine or to both.

### **S.335 Appropriate consent**

(1) The appropriate consent is—

- (a) the consent of a nominated officer to do a prohibited act if an authorised disclosure is made to the nominated officer;
- (b) the consent of a constable to do a prohibited act if an authorised disclosure is made to a constable;
- (c) the consent of a customs officer to do a prohibited act if an authorised disclosure is made to a customs officer.

(2) A person must be treated as having the appropriate consent if—

- (a) he makes an authorised disclosure to a constable or a customs officer, and
- (b) the condition in subsection (3) or the condition in subsection (4) is satisfied.

(3) The condition is that before the end of the notice period he does not receive notice from a constable or customs officer that consent to the doing of the act is refused.

(4) The condition is that—

- (a) before the end of the notice period he receives notice from a constable or customs officer that consent to the doing of the act is refused, and
- (b) the moratorium period has expired.

(5) The notice period is the period of seven working days starting with the first working day after the person makes the disclosure.

(6) The moratorium period is the period of 31 days starting with the day on which the person receives notice that consent to the doing of the act is refused.

(7) A working day is a day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial

Dealings Act 1971 (c. 80) in the part of the United Kingdom in which the person is when he makes the disclosure.

(8) References to a prohibited act are to an act mentioned in section 327(1), 328(1) or 329(1) (as the case may be).

(9) A nominated officer is a person nominated to receive disclosures under section 338.

(10) Subsections (1) to (4) apply for the purposes of this Part.

### **S.336 Nominated officer: consent**

(1) A nominated officer must not give the appropriate consent to the doing of a prohibited act unless the condition in subsection (2), the condition in subsection (3) or the condition in subsection (4) is satisfied.

(2) The condition is that—

(a) he makes a disclosure that property is criminal property to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service, and

(b) such a person gives consent to the doing of the act.

(3) The condition is that—

(a) he makes a disclosure that property is criminal property to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service, and

(b) before the end of the notice period he does not receive notice from such a person that consent to the doing of the act is refused.

(4) The condition is that—

(a) he makes a disclosure that property is criminal property to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service,

(b) before the end of the notice period he receives notice from such a person that consent to the doing of the act is refused, and

(c) the moratorium period has expired.

(5) A person who is a nominated officer commits an offence if—

- (a) he gives consent to a prohibited act in circumstances where none of the conditions in subsections (2), (3) and (4) is satisfied, and
  - (b) he knows or suspects that the act is a prohibited act.
- (6) A person guilty of such an offence is liable—
- (a) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or to both, or
  - (b) on conviction on indictment, to imprisonment for a term not exceeding five years or to a fine or to both.
- (7) The notice period is the period of seven working days starting with the first working day after the nominated officer makes the disclosure.
- (8) The moratorium period is the period of 31 days starting with the day on which the nominated officer is given notice that consent to the doing of the act is refused.
- (9) A working day is a day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 (c. 80) in the part of the United Kingdom in which the nominated officer is when he gives the appropriate consent.
- (10) References to a prohibited act are to an act mentioned in section 327(1), 328(1) or 329(1) (as the case may be).
- (11) A nominated officer is a person nominated to receive disclosures under section 338.

### **S.337 Protected disclosures**

- (1) A disclosure which satisfies the following three conditions is not to be taken to breach any restriction on the disclosure of information (however imposed).
- (2) The first condition is that the information or other matter disclosed came to the person making the disclosure (the discloser) in the course of his trade, profession, business or employment.
- (3) The second condition is that the information or other matter—
- (a) causes the discloser to know or suspect, or
  - (b) gives him reasonable grounds for knowing or suspecting,
- that another person is engaged in money laundering.

(4) The third condition is that the disclosure is made to a constable, a customs officer or a nominated officer as soon as is practicable after the information or other matter comes to the discloser.

(5) A disclosure to a nominated officer is a disclosure which—

(a) is made to a person nominated by the discloser's employer to receive disclosures under this section, and

(b) is made in the course of the discloser's employment and in accordance with the procedure established by the employer for the purpose.

### **S.338 Authorised disclosures**

(1) For the purposes of this Part a disclosure is authorised if—

(a) it is a disclosure to a constable, a customs officer or a nominated officer by the alleged offender that property is criminal property,

(b) it is made in the form and manner (if any) prescribed for the purposes of this subsection by order under section 339, and

(c) the first or second condition set out below is satisfied.

(2) The first condition is that the disclosure is made before the alleged offender does the prohibited act.

(3) The second condition is that—

(a) the disclosure is made after the alleged offender does the prohibited act,

(b) there is a good reason for his failure to make the disclosure before he did the act, and

(c) the disclosure is made on his own initiative and as soon as it is practicable for him to make it.

(4) An authorised disclosure is not to be taken to breach any restriction on the disclosure of information (however imposed).

(5) A disclosure to a nominated officer is a disclosure which—

(a) is made to a person nominated by the alleged offender's employer to receive authorised disclosures, and

(b) is made in the course of the alleged offender's employment and in accordance with the procedure established by the employer for the purpose.

(6) References to the prohibited act are to an act mentioned in section 327(1), 328(1) or 329(1) (as the case may be).