



Basingstoke
and Deane

ANTI-MONEY LAUNDERING POLICY

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1. Introduction

- 1.1 Basingstoke and Deane Borough Council will do all it can in order to prevent the council and its employees from becoming exposed to money laundering. The council seeks to identify the potential areas, minimise the risk of it occurring and to comply with all legal and regulatory requirements in order to prevent it.
- 1.2 The **Proceeds of Crime Act 2002 (as amended)**, the **Terrorism Act 2000 (as amended)** and the **Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended)** place obligations on the council in respect to money laundering.

2. Scope of the Policy

- 2.1 This policy applies to:
 - All employees
 - Agency staff and consultants undertaking council work
 - Contractors working for the council on council premises
 - Suppliers and those providing services under contract with the council in their own premises
 - Councillors; and
 - Anyone carrying out work for or on behalf of the council.
- 2.2 With this policy the council aims to maintain a high standard of conduct by preventing criminal activity through money laundering.
- 2.3 All those to which the policy applies must be aware of the content of this policy to enable the council to comply with its legal obligations.
- 2.4 Failure by anyone, to which this policy applies, to comply with this policy may lead to disciplinary and criminal proceedings being taken against them.

3. What is Money Laundering?

- 3.1 Money Laundering means exchanging money or assets that were obtained criminally for money or other assets that are 'clean'.

The clean money or assets don't have an obvious link with any criminal activity, so that they can be retained permanently or recycled into further criminal enterprises. Money laundering also includes money that's used to fund terrorism, however it's obtained.

Prohibited acts

- 3.2 The **Proceeds of Crime Act 2002 (POCA)** provides a series of 'prohibited acts' and include:
 - **You must not** conceal, disguise, convert, transfer criminal property or remove property from the United Kingdom (Section 327, POCA).
 - **You must not** enter into or become 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, POCA)

- **You must not** acquire, use or possess criminal property. (Section 329, POCA)

3.3 **The Terrorism Act 2000** also makes it an offence of money laundering to become concerned in an arrangement that facilitates conceals, removes, transfers or retains property likely to be used for the purposes of terrorism or resulting from acts of terrorism (Section 18 of the Act).

Failure to Report or Disclose Money Laundering Offences

3.4 It is also a criminal offence to fail to report suspicions of money laundering activities. These offences are committed where:

- You know or suspect that another person is engaged in money laundering activity
- You can identify the money launderer or the whereabouts of laundered property and that information will assist in identifying the person responsible
- You do not disclose this as soon as it is practicably possible.

Tipping Off Offence

3.5 Informing someone who is suspected of being involved with money laundering will amount to “tipping off” and may result in criminal proceedings against you

Possible signs of Money Laundering

3.6 All those to which the policy applies should at all times be wary of:

- Unusually large transactions
- Numerous small transactions
- The absence of an obvious legitimate source of funds
- The possibility of money laundering by a client or a prospective client
- Repeated cancelling of transactions
- Secretive Clients

4. Obligations of the council

4.1 Whilst local authorities and their employees are subject to the full provisions of the Terrorism Act 2000 and may commit most of the principal offences under the Proceeds of Crime Act 2002, they are not directly covered by the requirements of the Money Laundering Regulations. Guidance from finance and legal professions, including CIPFA, indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

4.2 The main requirements under the regulations include:

- Appointing a Money Laundering Reporting Officer
- Applying customer due diligence / client identification procedures in certain circumstances
- Implement a procedure to enable the reporting of suspicions of money laundering
- Maintain record keeping procedures

5. What Should I do if I Suspect Money Laundering?

5.1 If you suspect a case of money laundering:

- Do not tell the customer about your suspicion
- Report your suspicion immediately to the council's Money Laundering Reporting Officer using the form found in the guidance notes. (Appendix A)

Appendix A - Anti-Money Laundering Guidance Notes

1. Money Laundering Reporting Officer (MLRO)

- 1.1 The Money Laundering Reporting Officer is responsible for ensuring that any information regarding the knowledge or suspicion of money laundering is properly disclosed to the relevant authority when necessary.
- 1.2 The Money Laundering Reporting Officer is responsible for:
 - Maintaining awareness of Money Laundering and training individuals so that the council's policies and procedures are carried out effectively
 - Receiving Money Laundering Reports from anyone who is suspicious of what is potentially money laundering conduct
 - Investigating suspicious reports of money laundering
 - Making external reports to the National Crime Agency (NCA)
- 1.3 The Money Laundering Reporting Officer is the Head of Audit, Fraud and Insurance and the deputy is the Senior Investigator in the Fraud Team.
- 1.4 Reports should be made direct to the Money Laundering Reporting Officer, Deputy Money Laundering Reporting Officer or via fraud@basingstoke.gov.uk.

2. Reporting Signs of Money Laundering

- 2.1 Anyone who knows or suspects that money laundering is taking place, **must immediately report their suspicions** to the Money Laundering Reporting Officer using the Money Laundering Report Form (at the end of this guidance)
- 2.2 The disclosure of suspicious activity to the Money Laundering Reporting Officer should contain as much information as possible including:
 - Full details of the people involved
 - The nature, value and timing of the activity involved
 - If you are concerned that your involvement in a transaction would amount to a prohibited act under section 327-329 of the Proceeds of Crime Act, then your report must include all relevant details, as you will need consent from the National Crime Agency, via the Money Laundering Reporting Officer, to take any further part in the transaction.
 - The reasons for suspicions regarding money laundering
 - Whether previous investigations have been undertaken (if known)
 - Whether or not suspicions have been discussed with anyone else

- 2.3 Anyone who reports a matter to the Money Laundering Reporting Officer must follow any instructions that they may provide.
- 2.4 They **must not** make any further enquiries into the matter.
- 2.5 The individual suspected of being involved in money laundering activities **must not** be informed of the suspicion, even if the National Crime Agency has given consent to a particular transaction proceeding.
- 2.6 This would amount to “tipping off” and may result in criminal proceedings being brought against the individual who made the disclosure to the suspected individual.
- 2.7 No reference should be made on a client file or in records that the Money Laundering Reporting Officer has been notified. Should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made.

3. Considerations of Disclosure by the Money Laundering Reporting Officer

- 3.1 The Money Laundering Reporting Officer will send a report to the National Crime Agency if there are sufficient grounds of suspicion or knowledge of money laundering.
- 3.2 They must evaluate any report and consider the following when determining reasonable grounds:
 - Does the reported conduct fall within that which is potentially criminal?
 - Is the reported individual suspected of having gained proceeds of money laundering?
 - What factors and information led to the suspicion or knowledge of money laundering?
- 3.3 A reasonable cause of suspicion or knowledge of money laundering is required. Mere speculation is unlikely to be sufficient to allow for an investigation.
- 3.4 The Money Laundering Reporting Officer will consider the disclosure report and any other information available to them and undertake any other reasonable enquiries they think are appropriate before submitting a report to the National Crime Agency.
- 3.5 If the Money Laundering Reporting Officer concludes actual or suspected money laundering is taking place then, unless there are reasonable grounds for non-disclosure, the matter must be disclosed to the National Crime Agency in the prescribed manner using the Suspicious Activity Report (SAR) system.
- 3.6 If the Money Laundering Reporting Officer suspects money laundering but has reasonable grounds for non-disclosure to the National Crime Agency, or concludes there are no reasonable grounds to suspect or confirm money laundering, the disclosure report must be annotated accordingly with the

reasons for their decision. Consent can be given for any ongoing or imminent transactions to proceed.

3.7 In cases where legal privilege may apply the Money Laundering Reporting Officer must liaise with Legal Services to decide whether there are reasonable grounds for non-disclosure to the National Crime Agency.

3.8 Where consent is required from the National Crime Agency for a transaction(s) to proceed, then the transaction(s) in question must not be undertaken or completed until either:

- National Crime Agency has specifically given consent; or
- There is deemed consent through the expiration of the relevant time limits without objection being received from the National Crime Agency.

4. Customer Due Diligence

4.1 Customer due diligence is the identification and verification of the identity of a customer. It allows companies to be satisfied in regard to the identity of customers and clients and must take place at the time a business relationship is established.

4.2 This is required to allow for better identification of suspicious transactions.

4.3 Due diligence needs to be conducted when:

- Establishing a business relationship
- Carrying out an occasional transaction (and linked transactions) which involves a payment equivalent to €15,000 (£12,000) or more.
- Money laundering or terrorist financing is suspected
- The adequacy of data, documents or information from previous relationships with customers is doubted.

5. Risk Management

5.1 Customer due diligence must also be taken at times of a risk sensitive basis. The risk to the council of contravening the money laundering legislation will be assessed periodically in accordance with the Money Laundering Regulations and associated legislation.

5.2 The regulations provide that the council:

- Determine the extent of customer due diligence measures on a risk sensitive basis depending on the type of client, business relationship or transaction
- Be able to demonstrate to any supervisors that appropriate measures were taken in view of the risks of money laundering.

6. Record Keeping Procedures

- 6.1 The Money Laundering Reporting Officer will keep a record of all reports received and any action taken / not taken to ensure an audit trail is maintained.
- 6.2 All information obtained for the purposes of money laundering checks and reports must be kept (for at least five years) and will be held and processed in compliance with relevant Data Protection legislation.
- 6.3 The precise nature of the records is not prescribed by law. However, they must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In practice, the councils business units will routinely make records of work carried out in the course of normal business and these should suffice in this regard.

CONFIDENTIAL WHEN COMPLETED

REPORT OF SUSPECTED MONEY LAUNDERING ACTIVITY

To: Money Laundering Reporting Officer (MLRO) or Deputy

From: _____
(Insert employee name and job title)

Business Unit: _____
(Insert Business Unit)

Ext/Tel No.: _____

DETAILS OF SUSPECTED MONEY LAUNDERING ACTIVITY

Names(s) and address(es) of person(s) involved:
(If a company/public body please include details of the nature of business if known)

Nature, value and timing of activity involved (continues overleaf):
(Please include full details e.g. dates(s); what payment was for and if this is a single transaction or has been identified as one of a series of transactions. Include all available evidence of the activity. Continue on a separate sheet if necessary).

Dates (s):

Description of activity:

Amount(s):

Where activity took place:

Evidence: *(Please list and attach if possible)*

Reasons for suspicion of money laundering activity:

(Please continue on a separate sheet if necessary)

Has any investigation been undertaken (as far as you are aware)?

Yes No

If yes, please include details:

Have you discussed your suspicions with anyone else?

Yes No

If yes, please provide details of who discussions took place with and explain why such discussion was necessary:

Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society)

Yes No

If yes, please detail below:

Do you feel there is a reasonable excuse for the Money Laundering Reporting Officer not to disclose the matter 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 might be a prohibited act under sections 327-329 of the Proceeds of Crime Act 2002 and which requires appropriate consent from the NCA?

Yes No

If yes, please set out full details below:

Deadline (e.g. a completion date or court deadline):

Please set out below any other information you feel is relevant:

Signed: _____ **Dated:** _____

This form should be passed directly to the MLRO or deputy.

IMPORTANT: Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity directly or indirectly with anyone else who could alert the suspect(s) that they are under investigation. To do so may constitute a ‘tipping off’ offence under the legislation, which carries a maximum penalty of five years’ imprisonment.

THIS SECTION IS FOR MLRO USE ONLY

Reference Number Allocated: _____

Date report received: _____

Date receipt of report acknowledged: _____

CONSIDERATION OF DISCLOSURE TO THE NCA

Action plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE

Are there reasonable grounds for suspecting money laundering activity?

Yes No

Confirm reason(s) below:

If there are reasonable grounds for suspicion, will a Suspicious Activity Report (SAR) be made to the NCA?

Yes No

If yes, please complete 'details of liaison with the NCA regarding the report' section below.

DETAILS OF LIAISON WITH THE NCA REGARDING THE REPORT

Date report made to NCA:

Notice Period: From _____ to _____.

Moratorium Period: From _____ to _____.

CONSENT REQUIRED FROM NCA

Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?

Yes No

If yes, please confirm full details:

DETAILS OF LIAISON WITH THE NCA REGARDING CONSENT

Date consent requested from NCA:

Notice Period: From: _____ To: _____

(The NCA has 7 working days starting the first working day after the consent request is made to refuse continuation of the activity. If no refusal has been received consent is deemed to have been given and the activity may continue).

Moratorium Period: From: _____ To: _____

(If consent is refused during the notice period, a further 31 days starting with the day on which the consent is refused must elapse before the activity may continue. In the absence of any action to restrain the activity by law enforcement during the moratorium period the activity may continue).

Date and time consent given by the NCA: _____

NCA Consent Reference: _____

Name and Contact Number of SOCA Officer: _____

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 the NCA, please set out below the reason(s) for non-disclosure.

(Include details of any discussions with other Officers e.g. Legal Services, together with name(s) and advice given.)

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

Any other relevant information:

Signed: _____ **Dated:** _____

IMPORTANT: This report and all other records relating to an investigation of suspected Money Laundering activity whether or not reported to the NCA must be kept in a confidential file for that purpose and retained for at least five years from the conclusion of the investigation.

Conclusion date:

Date for destruction: