

Harborough District Council

Anti-Money Laundering Policy

1.0 Introduction

- 1.1 Harborough District Council will do all it can to prevent the Council and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially in the proper reporting of actual or suspected cases.
- 1.2 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'. 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.
- 1.3 This policy has been written to enable the Council to meet its legal requirements in a proportionate manner. It is recognised that the majority of money laundering activity in the United Kingdom falls outside of the public sector but vigilance by employees of the Council can help to identify those who are or may be perpetrating crimes relating to the financing of terrorism and money laundering.

2.0 SCOPE

- 2.1 This protocol therefore applies to **all** Harborough District 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.
- 2.2 The policy serves to protect the Council's employees by making them aware of their personal obligations and by providing them with a mechanism to raise any concerns. Failure to comply with the procedures set out in the policy may lead to disciplinary action.

3.0 Definition

- 3.1 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); or
 - 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).

- 3.2 Effectively, money laundering is the term used for disguising criminally sourced cash or property in order to give the appearance of legitimacy. This is done by mixing the criminal transactions with the legitimate transactions of businesses.

Whilst the Council is not a “high risk” business, the type of criminal activity the Council could be exposed to and the money laundering risk associated with it includes:

- a) Tax evasion – people using cash transactions to avoid payment of tax
- b) Fraud – the proceeds from fraud being used to pay debts or investing in assets
- c) Acquisitive crime – people who have obtained assets through theft and disposing of them, including, for example, obtaining refunds to generate “clean” money
- d) Drugs – proceeds from illegal drug sales being used to pay debts or invest in assets
- e) Cybercrime – proceeds from cyber crime being used to pay debts or invest in assets, or attempts to commit cybercrime against the council
- f) Modern Slavery, Abuse and Child Sexual Exploitation – through their work, Council officers may become aware of people committing offences
- g) Environmental crime – particularly those taking waste and dumping it illegally
- h) Bribery and corruption – people seeking to unlawfully influence council officers

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.

- 3.3 In addition, there is an offence of ‘Tipping off’ - this is where someone informs a person or people who are, or who 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 (section 342 of the Proceeds of Crime Act 2002).
- 3.4 Whilst the risk to the Council of contravening the legislation is low because the Council does not deal in substantial cash transactions, it is **extremely important that all employees are familiar with their legal responsibilities**, as serious criminal sanctions may be imposed for breaches of the legislation. The key requirement on employees is to promptly report any suspected money laundering activity to the nominated Money Laundering Reporting Officer.

4.0 The Council’s Obligations

- 4.1 To comply with its statutory obligations the Council has:

- Appointed a Money Laundering Reporting Officer (MLRO) to receive disclosures about money laundering concerns. The Council’s MLRO is the Section 151 Officer. Their contact details can be found in the Anti-Money Laundering - Employee Guidance.

In the absence of the Section 151 Officer, any concerns should be promptly referred to the Deputy Section 151 Officer, as deputy MLRO, who will ensure appropriate steps are taken to review and report the matter.

- Implemented a procedure for the reporting of money laundering suspicions. This has been communicated to its employees through this policy and its supporting Employee Guidance.

5.0 Prevention

- 5.1 The Council discourages cash payments and offers alternative payment methods but in certain circumstances will take cash payments e.g. where rejecting a cash payment is likely to increase the risk of non-payment of debt. However, it will not accept **cash payments** in excess of £100 and all cash payments must be appropriately receipted. Other risk factors include:
- 5.1.1 High value transactions being undertaken via pre-paid cards
 - 5.1.2 Requests for high value refunds of payments, or requests for refund of overpayments without logic
 - 5.1.3 Insistence on payment in cash for transactions that would usually be paid by other means
 - 5.1.4 Illogical transaction routes including third parties without explanation
 - 5.1.5 Absence of legitimate source of funds
 - 5.1.6 Transactions without any clear purpose
 - 5.1.7 Requests for details of customers outside of normal council activity
 - 5.1.8 Inability to trace or identify persons involved in a transaction
- 5.2 Payees should be asked to pay any sums owed to the Council in excess of £100 by cheque or other financial instrument. The Council will not accept cryptocurrency as a form of payment.
- 5.3 Where the Council is dealing with a **new customer/client** due diligence steps must be taken to confirm the identity of that customer/client where the Council:
- intends to form an ongoing business relationship with the customer/client; or
 - undertakes a one-off transaction involving payment by or to the customer/client of £10,000 or more; or
 - undertakes a series of linked one-off transactions involving total payment by or to the customer/client of £10,000 or more;
 - Where there are concerns as to the customer's identity
 - Where there has been a significant change in the customer's situation
 - it is known or suspected that a one-off transaction (or a series of them) involves money laundering.
- 5.4 In many cases, the due diligence may be straight forward; reviewing ID, confirming their personal details through other sources (e.g. bank statements) and companies house or visiting the stated business address to confirm it is valid. However, for some customers, such checks may produce concerns, and further verification may be required.
- 5.5 It is the responsibility of the service building the relationship with the customer/client to obtain satisfactory evidence of identity. The service should have due regard to the guidance issued by HMRC on undertaking customer checks, [Your responsibilities under money laundering supervision](#). The service is responsible for retaining evidence that these checks have been undertaken. If there is any uncertainty as to the process to follow or whether the checks are satisfactory, the service should consult the Money Laundering Reporting Officer.
- 5.6 If the identity is not confirmed in this way the business relationship or transaction **should not proceed**.

Third party businesses

During the course of their work, Council Officers may have suspicions about the activities of businesses or organisations they interact with. Particular risk areas include:

- a) Businesses that are being used as a front for criminal activity. As well as being used for money laundering, they can often be associated with other criminal activity which can generate risks to the public, including the sale of fake goods and modern slavery. The national risk assessment particularly highlights barbers' salons, nail parlours, car washes and vape shops. It is possible that officers, particularly in environmental services, planning, licensing and business safety can come into contact with such businesses.
- b) Property disposal and leasing activities – real estate fraud is recognised as one of the most significant national risks of money laundering, with properties leased or purchased through complex company structures, which then can be used to conduct illegal activity or generate sub-letting rent. Officers should ensure that they are satisfied with the identity of businesses with whom the Council enters substantial transactions.
- c) Customers with suspiciously large or new asset bases – for example, people with low incomes yet seem to experience a “luxury lifestyle” or people willing to make a large charitable contribution to a project with no clear reason

Even though some third parties may seem very well intentioned, there may still be concerns about their source of funds or activities they are undertaking. Sharing information helps to ensure that partner agencies can build a picture of intelligence. As such, it is important that officers who hold concerns also raise a money laundering report.

6.0 Disclosure

- 6.1 Where an individual knows or suspects that money laundering is taking place or has taken place, they **must** immediately contact the MLRO – a template form is provided in Appendix A to this policy. The provisions of the Act mean that failure to notify the MLRO immediately could potentially result in the employee being prosecuted.
- 6.2 Once the individual has reported the matter to the MLRO they **must not** make any further enquiries into the matter and must not take any further steps in any related transaction without authorisation from the MLRO.
- 6.3 Under no circumstances should an individual voice any suspicions to the person(s) suspected of money laundering or discuss this with others.
- 6.4 Employees should not make any reference on a client file to a report having been made to the MLRO.
- 6.5 Where there is evidence of money laundering, the MLRO or deputy will disclose the matter as soon as practicable to the National Crime Agency (NCA).
- 6.6 The MLRO or deputy must, if they so determine, promptly report the matter to NCA on their standard report form and in the prescribed manner. Up to date forms can be downloaded from the NCA website at www.nationalcrimeagency.gov.uk.

- 6.7 The MLRO 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.

7.0 Guidance and Training

- 7.1 In support of the policy and procedure, 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 through the publicising and availability of this policy and supporting guidance; and
- give targeted training to those most likely to encounter money laundering as part of their role with the Council.

8.0 Conclusion

- 8.1 Given the nature the Council's activities and who it can provide services for; instances of suspected money laundering should pose a low risk. However, all individuals working for the Council must be aware of their responsibilities in reporting any concerns and remain vigilant.
- 8.2 Please take prompt and proper action if you have any suspicions and feel free to consult the Section 151 Officer at any time should you be concerned with any issues relating to money laundering.

Policy owned by:

Approved by:

Date:

Next review:

MONEY LAUNDERING REPORTING OFFICER DISCLOSURE FORM

Date of disclosure	
Name and job title of officer making disclosure	
Officer contact details	
Subject details (if your concerns are regarding an individual)	
Title	
Surname	
Forename	
Date of Birth	
In case of a legal entity (if your concerns are regarding a company)	
Name	
Address	
Company number (if known)	
Reason for disclosure <i>Please explain why you are suspicious. Outline the details of the activities, the values and who was involved (what, when, where, how). Please provide as much information as you can. Continue on a separate sheet, if necessary.</i>	

Please send to the Section 151 Officer as soon as possible to report your concerns. If the Section 151 Officer is not available, please report these concerns to the Deputy Section 151 Officer.