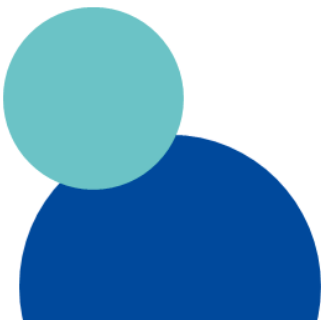




Waverley Borough Council Anti-Money Laundering Policy

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Introduction

- 1.1 The Council will do all it can to prevent the Council and its staff being exposed to money laundering through criminal activity, to identify the 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.
- 1.2 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on the 26 June 2017. There has subsequently been two amendments, neither of which impact on this policy, The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 and Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020. Although Local Authorities are not obliged to comply with the requirements of this legislation the Chartered Institute of Public Finance and Accounting (CIPFA) advises that an organisation should consider a policy framework which supports the implementation of the counter fraud strategy and includes an anti-money laundering policy to prevent the use of their services for money laundering.

2. Scope

- 2.1 This Policy applies to all officers, whether permanent or temporary, and Members of the Council. Officers and Members must be familiar with their responsibilities in preventing criminal activity through money laundering and must be vigilant at all times.
- 2.2 The policy applies to all areas of work undertaken by the Council.
- 2.3 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.
- 2.4 Further information is set out in the accompanying Guidance on page 10.
- 2.5 This Policy sits alongside the Council's Whistleblowing Policy and Anti-Fraud and Corruption Policy.
- 2.6 Failure by an officer or Member 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 and Capability Procedure.

3. Definition of Money Laundering

3.1 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
- 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
- acquiring, using or possessing criminal property
- doing something that might prejudice an investigation (for example falsifying a document)

These are the primary money laundering offences, and are therefore prohibited acts under the legislation. There are also two secondary offences:

- Failure to disclose any of the primary offences
- Tipping off - 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. Tipping off carries a maximum penalty of five years imprisonment.

3.2 Potentially any officer or Member 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.

4. Obligations on the Council

4.1 The Council is required to establish and maintain policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing. This includes:

- appointing a Money Laundering Reporting Officer (MLRO) to receive disclosures from officers and members of money laundering activity
- implementing a reporting procedure to enable the reporting of suspicions of money laundering
- The policies, controls and procedures must be:
 - proportionate with regard to the size and nature of the relevant person's business, and
 - approved by its senior management.
- The policies, controls and procedures must be regularly reviewed and must include:

- cash payments
- risk management practices
- internal controls
- customer due diligence
- record keeping procedures
- the monitoring and management of compliance with, and the internal communication of, such policies, controls and procedures.
- training to recognise transactions that may indicate money laundering
- maintaining client identification procedures in certain circumstances

5. The Money Laundering Reporting Officer (MLRO)

- 5.1 The officer nominated to receive disclosures about money laundering activity within the Council is the Head of Finance, Peter Vickers. He can be contacted as follows:

Peter Vickers	e-mail: peter.vickers@waverley.gov.uk
Head of Finance	Telephone: 01483 523539
Waverley Borough Council	
Council Offices	
The Burys	
Godalming	
Surrey	
GU7 1HR	

- 5.2 In the absence of the MLRO contact the Internal Audit Manager, Gail Beaton, at the above address or on telephone number 01483 523260.

6. Reporting Procedure

- 6.1 Where an officer or Member becomes aware or suspects that money laundering may have taken place (or may be taking place) they must contact the MLRO regardless of the amount.
- 6.2 If an officer or Member becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation it must be reported to the MLRO. Disclosure must be within hours of the information coming to light. Failure to do this may render the officer or Member liable to prosecution.
- 6.3 Disclosure should be made to the MLRO using the form at Appendix A to this policy. Full details must be included in the form.
- 6.4 If the officer or Member is concerned that their involvement in the transaction would amount to a prohibited act under the definition of Money Laundering at paragraph 3. consent will be needed from the National Crime Agency (NCA), via the MLRO, to take

any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given. The officer or Member should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline.

- 6.5 Information given in the reporting form must enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable the MLRO to prepare a report to NCA, where appropriate.
- 6.6 Once the matter is reported to the MLRO, officers and Members must follow any directions given by the MLRO. They must NOT make any further enquiries into the matter themselves and must co-operate with the MLRO and the authorities during any subsequent money laundering investigation.
- 6.7 Similarly, at no time and under no circumstances should the officer or Member voice any suspicions to the person(s) suspected of money laundering, even if NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO otherwise a criminal offence of “tipping off” (see the Guidance Note for further details) may be committed.
- 6.8 No reference should be made on a client file to a report having been made to the MLRO – 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 and may render an officer or Member liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

Consideration of the disclosure by the MLRO

- 6.9 Upon receipt of a report, the MLRO must complete the MLRO part of the form, note the date of receipt of the report and acknowledge receipt of it. The MLRO should also advise the officer or Member of the timescale within which a response should be expected.
- 6.10 The MLRO will consider the report and any other available internal information that is relevant eg:
 - reviewing other transaction patterns and volumes
 - the length of any business relationship involved
 - the number of any one-off transactions and linked one-off transactions
 - any identification evidence held
- 6.11 The MLRO will undertake such other reasonable inquiries considered appropriate in order to ensure that all available information is taken into account in deciding whether a report to NCA is required (such enquiries being made in such a way as to avoid any

appearance of tipping off those involved). The MLRO may also need to discuss the report with the officer or Member.

- 6.12 Once the MLRO has evaluated the disclosure report and any other relevant information, the MLRO must make a timely determination as to whether:
- there is actual or suspected money laundering taking place; or
 - there are reasonable grounds to know or suspect that is the case; and
 - whether there is a need to seek consent from NCA for a particular transaction to proceed.
- 6.13 Where the MLRO does so conclude, the matter must be disclosed as soon as practicable to NCA on their standard report form and in the prescribed manner, unless there is a reasonable excuse for non-disclosure to NCA (for example, a lawyer can claim legal professional privilege for not disclosing the information).
- 6.14 Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, the report must be noted accordingly. Consent can then be given immediately for any ongoing or imminent transactions to proceed.
- 6.15 In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to NCA.
- 6.16 Where consent is required from NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from NCA.
- 6.17 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering the MLRO shall mark the report accordingly and give consent for any ongoing or imminent transaction(s) to proceed.
- 6.18 All disclosure reports referred to the MLRO and reports made by the MLRO to NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.
- 6.19 The MLRO commits a criminal offence if the MLRO knows or suspects, or has reasonable grounds to do so, through a disclosure being made, that another person is engaged in money laundering and the MLRO does not disclose this as soon as practicable to NCA.

7. Policies, Controls and Procedure

Cash payments

- 7.1 No cash payment to the Council will be accepted if it exceeds £5,000 (including notes, coins or traveller cheques in any currency). Any incidents of someone trying to make a cash payment in excess of £5,000 must be reported to the MLRO regardless of whether you suspect money laundering activity or not.

Risk Management

- 7.2 Risk will be assessed by taking into account risk factors including factors relating to:
- The Council's customers
 - The area in which the Council operates
 - The Council's services
 - The Council's transactions
 - The Council's delivery channels
- 7.3 Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all officers and Members are familiar with their legal responsibilities.
- 7.4 The risk to the 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.

Internal Controls

- 7.5 The internal controls include:
- appointing a 'nominated officer' and making sure that employees know to report any suspicious activity to them (the MLRO)
 - identifying the responsibilities of senior managers and providing them with regular information on money laundering risks
 - training relevant employees on their anti-money laundering responsibilities
 - documenting and updating your anti-money laundering policies, controls and procedures
 - introducing measures to make sure that the risk of money laundering is taken into account in the day-to-day running of your business
- 7.6 The independent audit function has responsibility:

- I. to examine and evaluate the adequacy and effectiveness of the policies, controls and procedures
- II. to make recommendations in relation to those policies, controls and procedures
- III. to monitor compliance with those recommendations.

7.7 New technology – where new technology is adopted the Council will ensure appropriate measures are taken to assess and, if necessary, mitigate any money laundering or terrorist financing risks this new technology may cause.

Customer Due Diligence

7.8 Customer due diligence means that the Council must know its customers and understand their businesses so that it is in a position to know if there is suspicious activity that should be reported.

7.9 Customer due diligence means:

- (a) identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source.
- (b) identifying where there is a beneficial owner who is not the customer owner and taking adequate measures, on a risk-sensitive basis, to verify their identity and where the beneficial owner is a trust or similar understand the ownership and control structure of the trust or arrangement.
- (c) obtaining information on the purpose and intended nature of the business relationship.

7.10 The Regulations regarding customer due diligence are detailed and complex, but there are some simple questions that will help decide if it is necessary:

- Is the service a regulated activity (see 7.11)
- Is the Council charging for the service ie is it 'by way of business'?
- Is the service being provided to a customer other than a UK public authority?

If the answer to any of these questions is **no** then there is no need to carry out customer due diligence.

If the answer to all these questions is **yes** then customer due diligence must be carried out before any business is undertaken for that client. If there is uncertainty whether customer due diligence is required then the MLRO should be contacted for advice.

7.11 Regulated activity is defined as the provision 'by way of business' of: advice about tax affairs; accounting services; treasury management, investment or other financial

services; audit services; legal services; estate agency; services involving the formation, operation or arrangement of a company or trust or; dealing in goods wherever a transaction involves a cash payment of £10,000 or more.

7.12 Customer due diligence must also be applied if a person carries out an occasional transaction that amount to 15,000 euros or more, whether the transaction is executed in a single operation or in several operations that appear to be linked. This applies to all transactions and can include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers.

7.13 Where customer due diligence is required then evidence of identity must be sought, for example:

- details of your customer's business or employment (checking with the customer's website to confirm their business address)
- the source and origin of funds that your customer will be using in the relationship
- copies of recent and current financial statements
- the expected level and type of activity that will take place in your relationship
- conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any directors
- details of the relationships between signatories and any underlying beneficial owners
- seeking evidence from the key contact of their personal identity, for example their passport, and position within the organisation

7.14 The requirement for customer due diligence applies immediately for new customers and should be applied on a risk sensitive basis for existing customers. Ongoing customer due diligence must also be carried out during the life of a business relationship but should be proportionate to the risk of money laundering and terrorist funding, based on the officer's knowledge of the customer and a regular scrutiny of the transactions involved.

7.15 If, at any time, it is suspected that a client or customer for whom the Council is currently, or is planning to carry out, a regulated activity is carrying out money laundering or terrorist financing, or has lied about their identity then this must be reported to the MLRO.

Enhanced Due Diligence

7.16 In certain circumstances enhanced customer due diligence must be carried out for example where:

- There is a high risk of money laundering or terrorist financing
- The person has provided false or stolen identification

- the customer has not been physically present for identification
- the customer is a politically exposed person
- there is a beneficial owner who is not the customer – a beneficial owner is any individual who: holds more than 25% of the shares, voting rights or interest in a company, partnership or trust

7.17 Enhanced customer due diligence could include any additional documentation, data or information that will confirm the customer's identity and/or the source of the funds to be used in the business relationship/ transaction. If it is believed that enhanced customer due diligence is required then the MLRO should be consulted prior to carrying it out.

7.18 The enhanced due diligence measures when you deal with a politically exposed person are:

- making sure that only senior management gives approval for a new business relationship
- taking adequate measures to establish where the person's wealth and the funds involved in the business relationship come from
- carrying out stricter ongoing monitoring of the business relationship

Record Keeping

7.19 The Council will keep a record of all customer due diligence measures carried out, including:

- customer identification documents obtained
- risk assessments
- your policies, controls and procedures
- training records

7.20 Each Service of the Council and contractors working for the Council conducting relevant business must maintain records of:-

- a) Due diligence and customer identification evidence obtained - which must be kept for five years after the end of the transaction or relationship
- b) Details of all relevant business transactions carried out for clients for at least five years from the completion of the transaction. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

7.21 Any personal data obtained for the purpose of the regulations may only be processed for the purposes of preventing money laundering or terrorist financing.

7.22 The MLRO must be informed of the existence and location of such records.

- 7.23 The records must be capable of providing an audit trail during any subsequent investigation, eg distinguishing the client and the relevant transaction and recording in what form any funds were received or paid.
- 7.24 An electronic copy of every customer due diligence record must be sent to the MLRO to meet the requirements of the Regulations and in case of inspection by the relevant supervising body.
- 7.25 Monitoring and Management of Compliance with, and Internal Communication of Policies, Controls and Procedures.
- 7.26 In support of the policy and procedure, the council will:
- Endeavour to make all staff aware of the requirement and obligation placed on the council and on themselves as individuals by the anti-money laundering legislation; and
 - Provide targeted training where it has been identified staff are most likely to encounter money laundering

8. Training

- 8.1 The Council has a commitment to training employees so they're aware of their responsibilities.
- 8.2 Training will be targeted to areas where large sums of money may be received by the Council.

9. Maintain client identification procedures in certain circumstances

- 9.1 You also need to identify the 'beneficial owner' in certain situations. This may be because someone else is acting on behalf of another person in a particular transaction, or it may be because you need to establish the ownership structure of a company, partnership or trust.
- 9.2 As a general rule, the beneficial owner is the person who's behind the customer and who owns or controls the customer, or it's the person on whose behalf a transaction or activity is carried out.
- 9.3 If you have doubts about a customer's identity, you must stop dealing with them until you're sure.

10. Further Information

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

www.nationalcrimeagency.gov.uk – website of the National Crime Agency

“Proceeds of Crime (Anti-Money Laundering) – Practical Guidance for Public Service Organisations” – CIPFA

“Anti-Money Laundering (Proceeds of Crime and Terrorism) – Second Interim Guidance for Accountants” – CCAB (**www.ccab.org.uk**)

Money Laundering Guidance at **www.lawsociety.org.uk**

SI 2007 No. 2157 The Money Laundering Regulations 2007 at: [The Money Laundering Regulations 2007 \(legislation.gov.uk\)](http://www.legislation.gov.uk)

11. Guidance

11.1 Circumstances that may be susceptible to money laundering:

- The areas where large sums of money may be received by the Council, including:
 - Council Tax
 - Business Rates
 - Rent or Rent Arrears payments
 - Hire of venues, and Licensing
- Sale of Council land/buildings (as sale proceeds could be in cash)
- Sale of Council properties under right to buy scheme
- Investments – this would cover activities such as the issue of local bonds or transfers to for from non UK banks

11.2 Indicators that might be warning signs:

- Transactions that are complex and unusually large or there is an unusual pattern of transactions
- Where the person you are dealing with is excessively secretive or obstructive
- Transactions or trade that appear to make no commercial, economic or legal purpose
- any other activity or situation which may be regarded as particularly likely by its nature to be related to money laundering or terrorist financing
- transactions which might favour anonymity
- Large volume/large cash transactions
- An overpayment or duplicate payment in cash where the refund is requested by cheque or BACS
- Payments received from third parties

- Where a customer pays funds to the Council but then ends the transaction for no apparent reason, or unexpectedly asks for the money to be refunded or forwarded to a third party
- Where a customer tells you that funds are coming from one source and at the last minute the source changes
- Absence of an obvious legitimate source of funds eg where an individual is on low income and is purchasing a property from the Council
- Movement of funds overseas, particularly to a high risk country
- Individuals or companies that are insolvent but have funds
- Purchase of property (eg Council house) where no mortgage is involved
- Use of cash where other means of payment are normal
- Unusual transactions or ways of conducting business
- Use of overseas companies
- New companies

Client identification

11.3 This means obtaining a customer's:

- name
- photograph on an official document which confirms their identity
- residential address and date of birth

11.4 Satisfactory evidence of personal identity includes:

- Passport or photo driving licence.
- Utility bills, bank statements and other official documents. Other sources of customer information include the electoral register and information held by credit reference agencies such as Experian and Equifax. (Mobile phone bills are not acceptable).
- Satisfactory evidence of corporate identity can be through company formation documents or business rates documents.

11.5 You also need to identify the 'beneficial owner' in certain situations. This may be because someone else is acting on behalf of another person in a particular transaction, or it may be because you need to establish the ownership structure of a company, partnership or trust. As a general rule, the beneficial owner is the person who's behind the customer and who owns or controls the customer, or it's the person on whose behalf a transaction or activity is carried out.

11.6 If you have doubts about a customer's identity, you must stop dealing with them until you're sure.

- 11.7 In circumstances where the client cannot be physically identified the officer should be aware that :
- a) there is greater potential for money laundering if the client is not physically present when being identified;
 - b) if satisfactory evidence is not obtained the relationship or the transaction should not proceed;
 - c) if the client acts, or appears to act for another person, reasonable measures must be taken for the purposes of identifying that other person.

11.8 The types of record you keep may include:

- daily records of transactions
- receipts
- cheques
- paying-in books
- customer correspondence

11.9 The formats that you can keep your records in are:

- originals
- photocopies
- microfiche
- scanned
- computerised or electronic

11.10 You must keep your records for five years beginning from:

- the date a business relationship ends
- the date a transaction is completed

Confidential

Report to the Money Laundering Reporting Officer Money Laundering Activity

From	
Job Title	
Telephone No	
Email	

Details of suspected offence

Name(s) and address(es) of person(s) involved	<i>[if a company/public body please include details of nature of business]</i>
Name	
Date of birth	
Address	
Company names	
Directorships	
Phone numbers	
Other relevant information	
Nature, value and timing of activity involved	<i>(Please include full details)</i>
Date (has it happened, ongoing or imminent)	
Description of activity	
(Likely) amount of money/assets involved	
Where activity took place	
How the transaction was undertaken	

Single transaction or series				
Reason for suspicion (full reasons)				
Evidence (provide any supporting documentation)				
Nature of involvement:				
Does your involvement constitute a prohibited act under the definition of money laundering?				
Do you need consent from the NCA to take any further part in the transaction?				
Is there a deadline that consent is needed by? ie from a deadline of the transaction				
Has any investigation been undertaken as far as you are aware? (if Yes please give details below)	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Have you discussed your suspicions with anyone else? (if Yes please specify below, explaining why such discussion was necessary)	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Have you consulted any supervisory body guidance re money laundering? Eg the Law Society (if Yes please specify below)	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Has any investigation been undertaken as far as you are aware? (if Yes please give details below)	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Do you feel you have a reasonable excuse for not disclosing the matter to the NCA? (if Yes please give details below)	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Please give any other information you feel is relevant:				

Signed:	Dated:
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Completion by Money Laundering Reporting Officer
Money Laundering Activity

Date report received	
Date receipt of report acknowledged	

Details of suspected offence

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 NCA? If Yes please complete below	Yes		No
Date of report to NCA			
Details of liaison with NCA regarding the report:	Notice period:		to
	Moratorium period:		to
Is consent required from NCA to any ongoing or imminent transactions which would otherwise be prohibited acts? If Yes please confirm full details below	Yes		No

Date consent received from NCA	
Date consent given by MLRO to officer	
If there are reasonable grounds to suspect money laundering but you do not intend to report the matter to NCA please set out the reason(s) for non disclosure below:	
Date consent given by MLRO to officer for any prohibited act transaction to proceed	
Other relevant information	
Signed:	Dated:

This report should be retained for at least five years.