



Hinckley & Bosworth Borough Council

Anti-Money Laundering Policy

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1. Introduction

- 1.1 This Statement sets out Hinckley and Bosworth Borough Council's (the Council's) policy in relation to money laundering. It has the full support of the Senior Leadership Team and Members.
- 1.2 Anti-Money Laundering (ALM) Policy and Procedures adopted in this policy by Hinckley and Bosworth Council comply with The Money Laundering, Terrorist Financing, and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR). The business will actively prevent and take measures to guard against being used as a medium for money laundering activities and terrorism financing activities and any other activity that facilitates money laundering or the funding of terrorist or criminal activities.

2. Scope of the policy

- 2.1 This Policy applies to all officers (including agency staff) and elected members of the Council and aims to maintain the high standards of conduct, which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures that must be followed to enable the Council to comply with its legal obligations. Within this policy the term employees refers to all employees and elected members.
- 2.2 Failure by an employee 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 Policy.

3. What is money laundering

- 3.1 According to Proceeds of Crime Act (POCA 2002), breaks money laundering into two areas, principle and third party offences. Under these definitions the following acts constitute the act of money laundering. Further information can be found in the links given in appendix 3.

Principle offences

- a) Concealing, disguising, converting or transferring criminal property, or removing criminal property from England and Wales, or from Scotland or from Northern Ireland (section 327); or
- b) Entering into or becoming 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 (section 328); or
- c) Acquiring, using or having possession of criminal property except where adequate consideration was given for the property (section 329).

Third party offences

- i) Telling someone that you are going to make a report or telling someone that they are being investigated
 - ii) Failure to disclose one of the principal offences listed in a) to c) above, where there are reasonable grounds for knowing or suspecting the money was a proceed of crime; (section 330), and
 - iii) Falsifying, destroying, disposing of, concealing any document which is relevant to an investigation, or allowing this to happen
- 3.2 Money laundering offences may be tried at a magistrate's court or in the Crown Court, depending on the severity of the suspected offence. Trials at a magistrate's court can attract fines of up to £5,000, up to 6 months in prison, or both. In a Crown Court, fines are unlimited with possible prison sentences of up to 14 years. Further examples are given in appendix 2.

4. Council response

- 4.1 The regulations in particular relate to cash transactions, with organisations now being required to be registered as 'High Value Dealers' in order to accept more than €10,000 in cash and make extra checks on clients when processing transactions.
- 4.2 HMRC considers a high value payment to be:
- a single cash payment of €10,000 or more for goods
 - several cash payments for a single transaction totalling €10,000 or more, including a series of payments and payments on account
 - cash payments totalling €10,000 or more which appear to have been broken down into smaller amounts so that they come below the high value payment limit
- 4.3 At the time of drafting this policy €10,000 equals £9,000. The Council, via the nominated officer, must consider reporting any money laundering suspicions for cash transactions over £9,000. To help prevent money laundering, the Council has set a cash payment limit of £3,000. No cash payments above £3,000 will be accepted for any Council service, and alternatives to cash payment must be requested before consideration of any acceptance of cash settlement. This is not designed to prevent customers making payments for Council services but to minimise the risk to the Council of high value cash transactions.
- 4.4 If the customer wishes to make cash payment, or a series of cash payments of £1,000 or more they must provide identification before accepting payment. It is best practice to insist on payment by cheque or electronically from a UK clearing bank wherever possible.
- 4.5 Our policy is to:
- prevent, where possible, the Council and it's employees being exposed to money laundering.

- provide staff with guidance and training to help prevent money laundering.
- report all suspicions to the Council's nominated Money Laundering Reporting Officer – contact details below.
- use the Proceeds of Crime Act to recover any monies lost to money laundering.

All transactions

- 4.6 For all transactions it is important to consider whether something feels wrong about the situation. For example:
- Is it plausible that the person can pay the amount they are paying by the means that they are paying it?
 - Does the name of the person involved match the source of the funds (e.g. name on cheque book, credit card)?
 - Is the payment being broken down in to a number of small transactions?
 - Refunds where the money is going to a different place than the original source
 - Does the transaction make sense?

5. Nominated officer

- 5.1 The regulations require the Council to appoint a Nominated Officer, sometimes known as Money Laundering Reporting Officer ("MLRO") who is responsible for:
- Receiving internal suspicious transaction reports (also known as disclosures) from within the Council.
 - Deciding whether these should be reported to the National Crime Agency.
 - If appropriate, making such reports to the National Crime Agency.
- 5.2 The Officer nominated as MLRO to receive disclosures about money laundering activity within the Council is the Director (Corporate Services) and Monitoring Officer, Julie Kenny.

Email: Julie.kenny@hinckley-boworth.gov.uk

Tel: 01455 255985
Mob: 07966 131272

In the absence of the MLRO, the issue can also be reported to Section 151 Officer. The S151 Officer can deputise for the MLRO when the MLRO is not available, and can be contacted via:

Email: Ashley.wilson@hinckley-bosworth.gov.uk

Tel: 01455 255 609
Mob: 07896 815

The MLRO should make the Section 151 aware of Money Laundering concerns at the earliest opportunity.

6. Roles and responsibilities

The Council has assigned the following responsibilities for anti-money laundering measures within the Council:

Money Laundering Reporting Officer (MLRO)

- 6.1 The MLRO will review all reported money laundering allegations and decide whether the transaction / circumstances are suspicious. The MLRO will report suspicions to the National Criminal Intelligence Service (NCIS) and the Police, as appropriate.

Employees

- 6.2 It is each employee's responsibility to remain vigilant and report any suspicions to help us prevent and detect money laundering. Failure to report a suspicion of money laundering may lead to disciplinary action.

7. What to do if there is a suspicion of money laundering

- 7.1 The regulations require the Council to appoint an individual in their organisation as a nominated officer (the "MLRO") who is required to make reports to SOCA where he knows or suspects or has reasonable grounds for knowing or suspecting that a person is engaged in money laundering or terrorist financing.
- 7.2 Any staff in the Council who know, suspect or have reasonable grounds for knowing or suspecting that a person is engaged in money laundering or terrorist financing must report such matters to the nominated officer (MLRO) as soon as possible. On receipt of a report, it is for the nominated officer to decide whether a suspicious activity report needs to be made to SOCA.
- 7.3 Suspicion has its ordinary meaning, and a report should be made if a member of staff/the MLRO thinks that there is a possibility, which is more than fanciful, that a person is or has been engaged in money laundering or terrorist financing.
- 7.4 The report to the MLRO should be within "hours" of the information/suspicion coming to your attention, not weeks or months later. Should you not do so then you may be liable to prosecution.
- 7.5 The report should give as much information as possible: e.g.
- Full details of the people involved (including yourself) i.e. name, date of birth,
 - address, company names, direct partnerships, phone numbers etc.
 - Full details of the type of transaction and the nature of their/your involvement.

- The date of the money-laundering activity, including whether the transactions
- have happened, are ongoing or are imminent.
- Where they took/taking place.
- How they were/are being undertaken.
- The (likely) amount of money/assets involved.
- Why you are suspicious.

7.6 Once you have reported the matter to the MLRO you must follow any directions he/she may give you. You must not make any further enquiries into the matter yourself.

7.7 At no time and under no circumstances should you voice any suspicion to the person(s) whom you suspect of money laundering otherwise you may commit a criminal offence of “tipping off”.

8. Reporting by the MLRO

8.1 The MLRO or their representative must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency (NCA). The MLRO or representative must, if they so determine, promptly report the matter to the NCA on their standard report form and in the prescribed manner. Up to date forms can be downloaded from the NCA website at:

<http://www.nationalcrimeagency.gov.uk/> (main NCA website)

[https://www.ukciu.gov.uk/\(osvifg55vxdphzrs40egnj45\)/saronline.aspx](https://www.ukciu.gov.uk/(osvifg55vxdphzrs40egnj45)/saronline.aspx) (a direct link to the NCA’s electronic referral form)

All disclosure reports referred to the MLRO and reports made to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years. The Money Laundering Disclosure Forms (Appendix 1) should be used by employees or the MLRO to facilitate the recording of any action taken.

9. Conclusion

9.1 Given a local authority’s legal position with regard to the legislative requirements governing money laundering, the Council believes that this Policy represents a proportionate response to the low risk it faces of money laundering offences.

Appendix 1: Money Laundering reporting forms (Employee and MLRO)

Employee Details

Name _____

Department / Section _____

Date Reported _____

Contact details _____

Offence Details

Identities of the person(s) / company (s) subject to the enquiry

Address and contact details of the subject

Nature and details of the activity – please include whether this has already occurred or is likely to occur, where / when this occurred and how it arose – please continue on another sheet if necessary. Please include details of all transactions.

Investigations – has any investigation already occurred? If so, please detail below.

Discussions – have you discussed your suspicions with anyone – including any advisory bodies?

Disclosure – is there any reason why you believe this should not be disclosed to NCA?

Further Information – if there is any further information you believe to be relevant, please include here:

Signed _____
Date _____

This form should now be passed directly to the Money Laundering Reporting Officer

MONEY LAUNDERING DISCLOSURE FORM – TO BE COMPLETED BY THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

Date of Report being made _____

Subject of investigation

Will this matter be reported to NCA? _____

Date of report to NCA _____
(Attach details of the report)

If this is not being reported, why not?

Details of liaison with NCA regarding the report (give dates and details)

Is consent required from NCA for transaction to occur? Yes / No
Contact details of NCA liaison

Has notification been given to employee? Yes / No

Has consent been denied by NCA? Yes / No

What is the notice period?

(This is the time the NCA has to make a decision, During this period the activity that is the subject of the request should not be carried out, otherwise you risk committing a money laundering offence)

Date commences =

Date ends =

What is the Moratorium period?

(The Moratorium Period extends to 31 calendar days following notice of refusal. During this time law enforcement will be working to take positive enforcement action against the criminal property you have identified).

Date commences =

Date ends =

Can the Council Proceed with the Transaction? Yes / No

Signed _____

Name _____

Date _____

Appendix 2: Example of potential Money laundering activity

The following table sets out the types of activities that might be suspicious, and how the Council may come across those activities. It is not intended to be exhaustive, and just because something you are suspicious about is not on the list, it doesn't mean you shouldn't report it.

| Activity | The types of activity that may be affected |
|---|--|
| New customers with high value transactions | <ul style="list-style-type: none"> • Selling property to individuals or businesses • Renting out property to individuals or businesses • Entering into other lease agreements • Undertaking services for other organisations |
| Secretive clients | <ul style="list-style-type: none"> • Housing benefit claimants who have sums of money entering into / out of their bank account (even if we do not award them benefit, we should still consider money laundering implications) • People buying or renting property from the Council who may not want to say what it is for • People receiving grant funding who refuse to demonstrate what funding was used for |
| Customers who we think are acting dishonestly or illegally | <ul style="list-style-type: none"> • People paying for Council services who do not provide details about themselves • People making odd or unusual requests for payment arrangements |
| Illogical transactions | <ul style="list-style-type: none"> • People paying in cash then requesting refunds • Requests for the Council to pay seemingly unconnected third parties in respect of goods / services provided to the Council • Requests for the Council to pay in foreign currencies for no apparent reasons |
| Payments of substantial sums by cash | <ul style="list-style-type: none"> • Large debt arrears paid in cash • Refunding overpayments • Deposits / payments for property |
| Movement of funds overseas | <ul style="list-style-type: none"> • Requests to pay monies overseas, potentially for “tax purposes” |
| Cancellation of earlier transactions | <ul style="list-style-type: none"> • Third party “refunds” grant payment as no longer needed / used • No payment demanded even though good / service has been provided • Sudden and unexpected termination of lease agreements |
| Requests for client account details outside normal course of business | <ul style="list-style-type: none"> • Queries from other companies regarding legitimacy of customers • Council receiving correspondence / information on behalf of other companies |

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|---|--|
| <p>Extensive and over-complicated client business structures / arrangements</p> | <ul style="list-style-type: none"> • Requests to pay third parties in respect of goods / services • Receipt of business payments (rent, business rates) in settlement from seemingly unconnected third parties |
| <p>Poor accounting records and internal financial control</p> | <ul style="list-style-type: none"> • Requests for grant funding / business support indicates third party not supported by financial information • Companies tendering for contracts unable to provide proper financial information / information provided raises concerns • Tender for a contract which is suspiciously low |
| <p>Unusual property investments or transactions</p> | <ul style="list-style-type: none"> • Requests to purchase Council assets / land with no apparent purpose • Requests to rent Council property with no apparent business motive |
| <p>Overcomplicated legal arrangements / multiple solicitors</p> | <ul style="list-style-type: none"> • Property transactions where the Council is dealing with several different parties |

Appendix 2: Further Information

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

- National Crime Agency (NCA) – <http://www.nationalcrimeagency.gov.uk/>
- CIPFA - <http://www.cipfa.org/members/members-in-practice/anti-money-laundering>
- CCAB - Anti-Money Laundering (Proceeds of Crime and Terrorism) – Guidance for Accountants – www.ccab.org.uk (main site) or www.ccab.org.uk/documents/20140217%20FINAL%202008%20CCAB%20guidance%20amended%202014-2-17pdf.pdf (direct link)
- The Law Society - Anti-Money Laundering Guidance and Advice - www.lawsociety.org.uk/advice/anti-money-laundering/