

# **ANTI-MONEY LAUNDERING POLICY**

## **LONDON BOROUGH OF WALTHAM FOREST**

### **ANTI-FRAUD AND CORRUPTION FRAMEWORK**

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## **1 Introduction**

- 1.1 The Council will put in place measures to prevent officers and Members being exposed to money laundering and to identify areas where money laundering may occur. This policy applies to all areas of work undertaken by the Council.
- 1.2 The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 (MLR 2019) together with the Criminal Finances Act 2017, the Proceeds of Crime Act 2002 (POCA) and the Terrorism Act 2000 (TA) as amended by the Anti-Terrorism and Security Act 2001 and the Terrorism Act 2006), outline the preventative measures intended to eliminate the funding of terrorism and crime.
- 1.3 In July 2009 CIPFA published further guidance on the original 2007 Regulations which confirmed that local authorities are not subject to the requirements of the Regulations, but they should ensure they have procedures in place which are both proportionate and cost effective. To ensure best practice and compliance with the law, the London Borough of Waltham Forest has established this policy to apply to all areas of work undertaken by the council.

## **2 Aims and Scope of the Policy**

- 2.1 This policy applies to all employees and members of the Council and sets out the information relating to the identification, reporting and recording of money laundering so that Waltham Forest staff and members are aware of the procedures to be followed if they suspect money laundering.
- 2.2 Further information is set out in the accompanying Anti-Money Laundering Procedures (Appendix 2). Both the policy and the procedural guidance document sit alongside the Council's Whistleblowing Policy and the Anti-Fraud and Corruption Policy.
- 2.3 Failure by a member of staff 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 Conduct and Discipline Procedure and Policy. Failure by a Member to comply with the procedures set out in this policy may be referred to the Council's Monitoring Officer. The Monitoring Office may instruct an officer, or external investigator to investigate further under the Code of Conduct Complaints Procedure for Members.

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

- 3.1 Money laundering is the process whereby criminal property (the monetary proceeds of crime) is 'cleaned up' – i.e. placed into economic or financial systems and then covered by layers of transactions until it becomes legitimate. Anyone who becomes involved with an activity which they know, or have reasonable grounds to suspect, is related to the proceeds of crime, may be guilty of money laundering.
- 3.2 Offences related to money laundering are detailed in the Proceeds of Crime Act 2002 (POCA), and can be summarised as:

- concealing, disguising, converting, transferring or removing criminal property from the UK;
- being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property;
- acquiring, using or possessing criminal property;
- doing something that might prejudice an investigation.

3.3 Although these mainly apply to the regulated sector, anyone can be convicted of these offences.

3.4 The statutory provisions relating to money laundering, in so far as they affect the Council, are summarised in Appendix 1 to this policy, together with references to further information.

#### **4 What is Terrorism Financing?**

4.1 Terrorism financing is the act of providing financial support, funded from either legitimate or illegitimate source, to terrorists or terrorist organisations to enable them to carry out terrorist acts or will benefit any terrorist or terrorist organisation.

4.2 While most of the funds originate from criminal activities, they may also be derived from legitimate sources, for example, through salaries, revenues generated from legitimate business or the use of non-profit organisations to raise funds through donations.

#### **5 The Policy**

5.1 This policy is complemented by the Council's Anti-Money Laundering Procedures (Appendix 2), which set out the details of how the policy is to be applied. The aims of the Policy and Procedures, taken together, are to:

- assist staff and Members of the London Borough of Waltham Forest to understand money laundering and their personal legal obligations and responsibilities arising from the requirements of the legal and regulatory provisions
- prevent Council services being used for money laundering purposes, and
- set out the procedures which must be followed to enable the Council and its staff to comply with their legal obligations.

5.2 The London Borough of Waltham Forest will do all it can to:

- prevent the Council and its staff being exposed to money laundering;
- identify the potential areas where it may occur, for example the purchase of property under the Right to Buy scheme; and
- comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases of money laundering.

5.3 All employees are required to:

- report promptly, all suspicions of money laundering activity to the Money Laundering Reporting Officer (MLRO) or Deputy MLRO. This may initially be by a direct discussion or by using the form provided in this Anti- Money Laundering Policy (Appendix 3).
- follow any subsequent directions of the MLRO or Deputy.

5.4 The nominated officers for reporting issues are:

- MLRO: Assistant Director - Internal Audit and Anti-Fraud Shared Service
- Deputy MLRO: Director, Governance and Law (the Monitoring Officer)

Full contact details are provided in the Anti- Money Laundering Procedures (Appendix 2).

5.5 The MLRO or Deputy must promptly:

- evaluate all concerns raised by staff to determine whether it is appropriate to make a report to the National Crime Agency (NCA);
- if appropriate, ensure that an internal report is completed, using the form provided in the Anti- Money Laundering Procedures (at Appendix 3).
- if appropriate, submit a Suspicious Activity Report to NCA using NCA's standard form (available at [www.nationalcrimeagency.gov.uk/](http://www.nationalcrimeagency.gov.uk/)) or by using the online reporting tool.

5.6 Those receiving, or arranging to receive cash on behalf of the Council must ensure they are familiar with the Council's Anti-Money Laundering Policy and Procedures.

5.7 No payment to the Council should be accepted in cash if it exceeds £8,500 (approximately €10,000) which is a reduction from the previous limit.

5.8 Although there is no legal requirement for the Council to have formal procedures for evidencing the identity of those they do business with, staff should be alert to potentially suspicious circumstances. Where there may be doubt and in particular, when forming a new business relationship or considering a significant one-off transaction, the identification procedures in the Council's Anti- Money Laundering Procedures (Appendix 2) should be followed.

5.9. The Council will:

- make all staff aware of the obligations placed on the Council and on themselves as individuals, by the anti-money laundering legislation
- give targeted training to those most likely to encounter money laundering activity.

## 6 Summary

6.1 Members and staff of the London Borough of Waltham Forest need to be vigilant for signs of money laundering. The Council has a mechanism for reporting

suspicious activity, will provide appropriate training and has procedures for identification checks.

## **Money Laundering: Legal and Regulatory Framework**

### **1 The Terrorism Act 2000**

This Act applies in full, as it does to all individuals and businesses in the UK. If, in the course of business or employment, you become aware of information which provides knowledge, or gives reasonable grounds for a belief or suspicion that proceeds have come from, or are likely to be used for terrorism, it must be reported. This will prevent commission of the money laundering offence relating to being implicated in illegal activity.

### **2 The Proceeds of Crime Act 2002**

This Act defines six principal money-laundering offences, only the first four of which are likely to apply to the Council:

- concealing, disguising, converting, transferring, or removing from the UK, any criminal property (S327)
- becoming concerned in an arrangement which you know or suspect, facilitates the acquisition, retention, use, or control of criminal property (S328)
- acquiring, using, or possessing criminal property (S329)
- doing something that might prejudice an investigation (for example, falsifying a document) (S342)
- failing to disclose known or suspected money laundering offences (S330-332)
- “tipping off”, by giving information to someone suspected of money laundering in such a way as to reduce the likelihood of their being investigated, or prejudicing an investigation (S333A).
- The offences of failing to disclose and tipping off will not apply so long as the Council does not undertake activities which might be interpreted under POCA, as falling within the regulated sector. The regulated sector refers to activities which should be regulated under the Financial Services and Markets Act 2000.

### **3 The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 (MLR 2019),**

The Regulations are not legally binding on public authorities because they are neither ‘relevant persons’ (as defined in the MLR 2019) nor part of the ‘regulated sector’ (as defined in POCA 2002). There is however, a distinct reputational risk for any authority that does not have adequate policies and procedures in place. Following CIPFA’s guidance, a “prudent and responsible” council will adopt “appropriate and proportionate” policies and procedures designed to “detect and avoid involvement in the crimes described in the legislation and regulations”.

## Anti-Money Laundering Procedures

### 1 What are the obligations on the Council?

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance advises that Councils should:

- maintain robust record keeping procedures.
- make those members and employees who are likely to be exposed to or suspicious of money laundering activities to be aware of the requirements and obligations placed on London Borough of Waltham Forest, and on themselves as individuals, by the Proceeds of Crime Act and related legislation.
- provide targeted training to those considered most likely to encounter money laundering activities e.g. how to recognise and deal with potential money laundering offences.
- implement formal systems for members and employees to report money laundering suspicions to the MLRO.
- establish internal procedures appropriate to anticipate and prevent money laundering and make relevant individuals aware of the procedures.
- report any suspicions of money laundering to the National Crime Agency (NCA) (this is a personal legal obligation for the MLRO).
- put in place procedures to monitor developments in the 'grey' areas of the legislation and to keep abreast of further advice and guidance as it is issued by relevant bodies.

1.2 The safest way to ensure compliance with the requirements of these legislations is to apply them to **all areas** of work undertaken by the Council; therefore, **all Members and employees** are required to comply with the policy and these procedural guidance notes.

### 2 The Money Laundering Reporting Officer (MLRO)

2.1 The officer nominated to receive disclosures about money laundering activity within the Council is the Assistant Director - Internal Audit and Anti-Fraud Shared Service who can be contacted as follows:

Assistant Director - Internal Audit and Anti-Fraud Shared Service  
London Borough of Waltham Forest,  
Town Hall Complex,  
Forest Road,  
Walthamstow,  
London, E17 4JF  
Telephone: 020 8496 4620

2.2 Disclosures by staff to the MLRO should, where appropriate, be made through their Strategic Director, Service Director or Head of Service.

- 2.3 In the absence of the MLRO, the Director, Governance and Law (the Monitoring Officer) is authorised to deputise for them.
- 2.4 The MLRO will determine whether the information or other matters contained in the report received give rise to a knowledge or suspicion that a person is engaged in money laundering.
- 2.5 In making this judgement, they will consider all other relevant evidence (and information) available to the Council concerning the person or business to whom the initial report relates. This may include reviewing other transaction patterns and volumes, the length of the business relationship, and referral to identification records held.
- 2.6 If after completing this review they are satisfied with the suspicions that the suspect is engaged in money laundering, the MLRO must then ensure that the information is disclosed to the NCA.

### **3 Disclosure Requirements - Reporting to the Money Laundering Reporting Officer**

- 3.1 Where you know or suspect that money laundering activity is taking / has taken place or is about to take place, or become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as possible to the MLRO.
- 3.2 The disclosure should ideally be made within “hours” of the information coming to your attention wherever practicable, not weeks or months later.
- 3.3 Your disclosure should be made to the MLRO using the proforma attached at Appendix 3 of these guidance notes. The report should enclose copies of any relevant supporting documentation and must contain as much detail as possible which should include the following:
  - full details when known of the people involved (including yourself, if relevant), i.e. name, address, company names, directorships, phone numbers, etc.
  - full details of the nature of their/your involvement:
- 3.4 If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327 – 329 or s342 of the 2002 Act (explained in the Anti-Money Laundering Policy), then your report must include all relevant details, as you will need consent from the NCA, via the MLRO, to take any further part in the transaction - this is the case even if the party giving rise to concern gives instructions for the matter to proceed before such consent is given.

You should explain in as much detail within the report to the MLRO:

- what consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline;
- the types of money laundering activities involved;

- the section number(s) under which the report is being made e.g. a principal money laundering offence under the 2002 Act (or 2000 Act), or general reporting requirement under section 330 of the 2002 Act (or section 21A of the 2000 Act), or both;
- the dates of such activities and make a note stating whether the activity has happened, on-going or imminent;
- the location where the activity took place i.e. department, section, depot etc.;
- how the activities were undertaken;
- the (likely) amount of money/assets involved (if known);
- why, exactly, you are suspicious of the activity– the NCA will require full reasons;
- any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering;
- to enable him to prepare his report to the NCA, where appropriate.

You should also enclose copies of any relevant supporting documentation.

#### **4 Recognition of Suspicious Transactions**

- 4.1 As the types of transactions which may be used by money launderers are almost unlimited, it is difficult to define a suspicious transaction.
- 4.2 Sufficient guidance will be given to staff to enable them to recognise suspicious transactions. The Council will also consider monitoring the types of transactions and circumstances that have given rise to suspicious activity reports, with a view to updating internal instructions and guidelines from time to time.
- 4.3 The Council has set a general transaction limit of £8,500 or approximately €10,000, (in line with the 2019 Regulations) over which any transaction or group of transactions from the same source should automatically be classified or deemed as suspicious. This does **not** however mean to say that any transactions under this limits on which you have suspicions should not be reported. All suspicious transactions, irrespective of their values should be reported.

#### **5 Reporting of Suspicious Transactions**

- 5.1 The Council has a clear obligation to ensure that members and employees know who they should report suspicions to and that there is a clear reporting chain under which those suspicions will be passed without delay to the MLRO. Once a member or an employee has reported his/her suspicions to the MLRO, he/she has fully satisfied their own statutory obligation.

#### **6 Record Keeping Procedures**

- 6.1 Each section of the Council conducting relevant business (Accountancy, Audit and certain Legal Services) must maintain appropriate records of:
- Client identification evidence obtained; and

- Details of all relevant business transactions carried out for clients for at least five years. This is so they may be used as evidence in any subsequent investigation into money laundering.
- 6.2 The precise nature of the records to be held is not prescribed by law, however they must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the party giving rise to concerns, the relevant transaction and describing what form any funds were received or paid.
- 6.3 In practice, the business units of the Council will be routinely making records of work carried out for various parties, customers and clients in the course of normal business and these should suffice in this regard.

## **7 Conclusion**

- 7.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. The policy and these procedural guidance notes have been written to enable the Council to meet the legal requirements in a way that is proportionate to the Council's risk of contravening the legislation.
- 7.2 Should you have any concerns whatsoever regarding any transaction, you should contact the MLRO or their deputy.

**CONFIDENTIAL**

**Report to Money Laundering Reporting Officer  
Re: money laundering activity**

**To: Money Laundering Reporting Officer**

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

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

**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, whereabouts, value and timing of activity/property involved:**  
*[Please include full details eg what, when, where, how. Please include whereabouts of the laundered property, so far as you are aware. Continue on a separate sheet if necessary]*

**Nature of suspicions regarding such activity:**  
*[Please continue on a separate sheet if necessary]*

Has any investigation been undertaken (as far as you are aware)?  
[Please tick the relevant box]

Yes

No

If yes, please include details below:

Have you discussed your suspicions with anyone else?  
[Please tick the relevant box]

Yes

No

If yes, please specify below, explaining why such discussion was necessary:

Have you consulted any supervisory body guidance re: money  
laundering? (e.g. the Law Society) [Please tick the relevant box]

Yes

No

If yes, please specify below:

Do you feel you have a reasonable excuse for not disclosing  
the matter to NCA? (e.g. are you a lawyer and wish to  
claim legal professional privilege?)  
[Please tick the relevant box]

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 2002 Act or Section 18 of the 2000 Act and which requires appropriate consent from NCA?

Yes

No

*[Please tick the relevant box]*

If yes, please enclose details in the box below:

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

Signed:.....

Dated:.....

***Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years imprisonment.***

**THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MONEY LAUNDERING REPORTING OFFICER**

Date report received: .....

Date receipt of report acknowledged: .....

**CONSIDERATION OF DISCLOSURE:**

Action plan:

**OUTCOME OF CONSIDERATION OF DISCLOSURE:**

Are there reasonable grounds for suspecting money laundering activity?  
Do you know the identity of the alleged money launderer or the whereabouts of the property concerned?

If there are reasonable grounds for suspicion, will a report be made to NCA? *[Please tick the relevant box]*

Yes

No

If yes, please confirm date of report to NCA:  
and complete the box below:

**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?

Yes

No

If yes, please confirm full details in the box below:

Date consent received from NCA: .....

Date consent given by you to 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:

*[Please set out any reasonable excuse for non-disclosure]*

Date consent given by you to employee for any transactions prohibited by legislation to proceed:

.....

Other relevant information:

Signed:..... Dated:.....

THIS REPORT IS TO BE RETAINED FOR AT LEAST FIVE YEARS