

Oldham Council Audit and Counter Fraud Service

Anti-Money Laundering Policy

A guide to the Council's anti-money laundering safeguards and reporting arrangements.

26 March 2024



Version Control

Version	Version Date	Revised by	Description
1	September 2008	Mark Stenson	New Policy
2	August 2019	Andrew Bloor	Revised – Money Laundering Guidance 2017
3	November 2022	Andrew Bloor	Revised – Money Laundering Guidance 2020
4	March 2024	John Miller	Revised – Money Laundering Guidance 2023

Anti-Money Laundering Policy

1. Introduction

The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 came into force on 10 January 2020. The 2019 Regulations introduced changes to the Government's 2017 Money Laundering Regulations (MLRs). The changes update the UK's Anti Money Laundering regime to incorporate international standards set by the Financial Action Task Force (FATF). The 2019 Regulations can be found here:

- [The Money Laundering and Terrorist Financing \(Amendment\) Regulations 2019 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

As an overview, the changes incorporate requirements to:

- keep an up-to-date list of exact functions that qualify as prominent public functions
- the requirement for enhanced due diligence when working with high-risk countries
- the requirement to maintain registers of beneficial owners
- introduce a reduced limit of pre-paid cards and electronic money
- apply enhanced due diligence on virtual currencies, crypto currencies, digital tokens
- bring letting agency activities within the scope of Anti Money Laundering Regulations

The Money Laundering and Terrorist Financing (Amendment) Regulations 2023 came into force on 10 January 2024. The 2023 Regulations introduced further changes to the Government's 2017 Money Laundering Regulations (MLRs). The 2023 regulation changes allow organisations covered by the regulations to treat domestic Politically Exposed Persons as lower risk than non-domestic Politically Exposed Persons, and amend their due diligence procedures accordingly in the absence of other risk factors

Although Anti Money Laundering legislation does not specifically cover Local Authorities, it is implied best practice that we assess the risk and put sufficient controls in place to prevent the Council from being used for money laundering purposes.

We are, therefore, required to:

- assess the risk of Oldham Council being used by criminals to launder money
- check the identity of our customers
- check the identity of 'beneficial owners' of corporate bodies and partnerships
- monitor our customers' business activities and report anything suspicious to the [National Crime Agency](https://www.nca.gov.uk) (NCA)
- make sure we have the necessary management control systems in place; keep all documents that relate to financial transactions, the identity of our customers, risk assessment and management procedures and processes for a period of 5 years
- make sure our employees are aware of the regulations and have had the necessary training

- have policies to undertake risk assessments prior to the launch or use of new products or business practices, as well as new technologies

2. Scope of the Policy

This Policy applies to all employees whether permanent or temporary and Members of the Council. Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for the Council. Individuals who have a concern relating to a matter outside of work should contact the Police.

Not all of the Council's business is "relevant" for the purposes of the legislation. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council; therefore, all staff are required to comply with the reporting procedure.

Failure by a member of staff to comply with the procedures set out in the Policy should be escalated for appropriate action to be taken.

3. What is Money Laundering?

Money laundering is a general term for any method of disguising the origin of "dirty" or criminal money. This money may be the proceeds of any criminal activity including terrorism, drugs trafficking, corruption, tax evasion and theft. The purpose of money laundering is to hide the origin of the dirty money so that it appears to have come from a legitimate source. Unfortunately, no organisation is safe from the threat of money laundering, particularly when it is receiving funds from sources where the identity of the payer is unknown. It is, therefore, possible that Oldham Council will be targeted by criminals wishing to launder the proceeds of crime.

In addition, it is possible that the proceeds of crime may be received from individuals or organisations that do not realise that they are committing an offence. It is no defence for the payer or the recipient to claim that they did not know that they were committing an offence if they should have been aware of the origin of the funds.

There are two main types of offences which may be committed:

- Money laundering offences.
- Failure to report money laundering offences.

The main types of money laundering offences are:

- Acquiring, using or possessing criminal property.
- Handling the proceeds of crimes such as theft, fraud and tax evasion.
- Being knowingly involved in any way with criminal or terrorist property.
- Entering into arrangements to facilitate laundering criminal or terrorist property.
- Investing the proceeds of crime in other financial products.
- Investing the proceeds of crimes through the acquisition of property/assets.
- Transferring criminal property.

Under the legislation if staff assist an individual to launder funds from a criminal source, they may be guilty of an offence and, if found guilty, could be subject to a fine or a prison sentence up to 14 years. It is important therefore that staff are aware of the rules and procedures that the Council has in place to ensure that they comply with the relevant legislation and approach taken by the Council as set out in this policy.

4. What are the Obligations on the Council?

Organisations conducting “relevant business” must appoint a Money Laundering Reporting Officer (“MLRO”) to:

- receive disclosures from employees of money laundering activity (their own or anyone else’s);
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain client identification procedures in certain circumstances; and
- maintain record keeping procedures.

5. The Money Laundering Reporting Officer

The Officer nominated to receive disclosures about money laundering activity within the Council is the Council’s Director of Finance.

6. Identification of potential money laundering situations

Criminals have various ways of concealing, moving and legitimising the proceeds of crime. It is not possible to give a definitive list of ways in which to identify money laundering or how to decide whether to make a report to the MLRO. The following are types of risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity:

- Use of cash where other means of payment are normal.
- Unusual transactions or ways of conducting business.
- Use of shell companies.
- Payment of deposits which are subsequently requested back.
- Lack of ‘traceability’ of persons involved.
- Individuals and companies that are insolvent yet have funds.
- Payment of a substantial sum in cash (over £10,000), or lower amount where any member of staff has reasonable grounds to believe that money laundering is taking place or is being attempted.
- A new customer.
- A secretive customer, e.g. refuses to provide requested information without a reasonable explanation.
- Concerns about the honesty, integrity, identity or location of a customer.
- Illogical third-party transaction such as unnecessary routing or receipt of funds from third parties or through third party accounts.
- Involvement of an unconnected third party without logical reason or explanation.

- Overpayments by a customer.
- Absence of an obvious legitimate source of funds.
- Movement of funds overseas, particularly to a higher risk country or tax haven.
- Transactions which are out of the line of normal expectations, without reasonable explanation.
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational.
- The cancellation or reversal of an earlier transaction.
- Requests for release of customer account details other than in the normal course of business.
- Transactions at substantially above or below fair market values.
- Poor business records or internal accounting controls.
- A previous transaction for the same customer which has been, or should have been, reported to the MLRO.

In addition to the money laundering offences, the legislation sets out further offences of failure to report suspicions of money laundering activities. Such offences are committed where, in the course of conducting relevant business in the regulated sector, you know or suspect, or have reasonable grounds to do so (even if you did not know or suspect), that another person is engaged in money laundering and you do not disclose this as soon as is practicable to the MLRO.

7. Reporting Procedure

If you know or suspect that money laundering activity is taking place, has taken place, or that your involvement in a matter may amount to a prohibited act under the legislation, this must be disclosed immediately to the MLRO. This disclosure should be within hours of the information coming to your attention, not weeks or months later. If you do not disclose information immediately, then you may be liable to criminal prosecution.

Your disclosure should be made using the form MLRO1, Money Laundering Suspicion Report Form, which is attached at Annex A. The disclosure report must contain as much detail as possible, for example:

- Where known, full details of the people involved (including yourself if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc.
- Full details of the nature of your and their involvement.
- The types of money laundering activity suspected.
- The dates of such activities, including whether the transactions have happened, are ongoing or are imminent.
- Where they took place.
- How they were undertaken.
- The (likely) amount of money/assets involved.
- Why, exactly, you are suspicious.

You should also supply any other available information to enable the MLRO to make a sound judgement as to the next steps to be taken and you should enclose copies of any relevant supporting documentation.

If you are a legal adviser and consider that legal professional privilege may apply to the information, you should explain fully in the MLRO1 form the reasons why you contend the information is privileged. The MLRO, in consultation with the Director of Legal Services, will then decide whether the information is exempt from the requirement to report suspected money laundering to the National Crime Agency (NCA).

Once you have reported the matter to the MLRO you must follow any directions they may give you. You must NOT make any further enquiries into the matter yourself. Any necessary investigation will be undertaken by the NCA. All employees will be required to co-operate with the MLRO and the investigating authorities during any subsequent money laundering investigation.

At no time, and under no circumstances, should you voice any suspicions to the person(s) whom you suspect of money laundering or to any other individual without the specific consent of the MLRO. If you do so you may commit the offence of 'tipping off'.

Do not make any reference on records held to the fact that you have made a report to the MLRO. If a customer exercises their right to see their record, any such note would obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

In all cases no further action must be taken in relation to the transaction(s) in question until either the MLRO or NCA (if applicable) has specifically given their written consent to proceed.

8. Record Keeping

The MLRO will retain all disclosure reports referred to them and reports made by them to the National Crime Agency (NCA) for a minimum of five years.

9. Conclusion

The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This document has been written to enable the Council to meet the legal requirements in a way that is proportionate to the risk to the Council of contravening the legislation. Should you have any concerns whatsoever regarding any transactions then you should contact the MLRO. This policy will be reviewed and updated/amended when new legislation/guidance is issued.

Referral to Money Laundering Responsible Officer (MLRO1)

MONEY LAUNDERING REPORTING OFFICER DISCLOSURE FORM (MLRO1)

Date of Disclosure	
Officer making the disclosure (including job title)	
Contact details	

Subject Details	
Surname	
Forename(s)	
Date of Birth (if known)	

Or if the matter relates to a company	
Company Name	
Address	
Company Number (if known)	

Reason for Disclosure