

MOLE VALLEY DISTRICT COUNCIL

ANTI-MONEY LAUNDERING POLICY

1. Policy Statement

The Policy applies to all those working for and on behalf MVDC, those working on electoral matters, for and on behalf of (and including) the MVDC Electoral Registration Officer (ERO) and the MVDC Returning Officer (RO) and to companies that are wholly owned by MVDC (at the time of implementation Mova Property Ltd and Mova Holdings Ltd).

1.1. This statement sets out Mole Valley District Council's policy in relation to money laundering.

1.2. The Council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets. The Council has an ongoing commitment to continue to improve its resilience to fraud, corruption (including bribery and money laundering) and other forms of financial irregularity.

1.3. The Council advocates strict adherence to its anti-fraud and anti-corruption framework and associated policies. Whilst individual circumstances of each case will be carefully considered, there will be a zero tolerance approach to fraud and corruption (including bribery and money laundering) in all of its forms. The Council will not tolerate fraud or corruption by its councilors, employees¹, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal, loss recovery and/or referral to the Police and/or other agencies. The Council's general belief and expectation is that those associated with it (employees, members, service users, contractors and voluntary bodies) will act with honesty and integrity.

1.4. This Anti-Money Laundering Policy is supplementary to the Council's wider Anti-Fraud and Corruption Policy which sets out what actions the Council proposes to take over the medium-term future to continue to develop its resilience to fraud and corruption.

1.5 The Council's anti-money laundering policy statement and procedures have been revised and updated to take into account, the requirements of the new money laundering regulations which came into effect on the 26 June 2017.

¹ Any reference to employee or worker includes all those working for or on behalf of MVDC and include permanent, temporary ,and agency staff, those working on behalf of MVDC on electoral or other matters, and other workers, including those contracted in.

2. Introduction

2.1 Legislation has broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the obligations impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

2.2 The principle legislation relating to money laundering is:

- Proceeds of Crime Act 2002 (POCA)
- Money Laundering Regulation 2017
- Terrorism Act 2000
-

All references to the Act within this document refer to Proceeds of Crime Act 2002 (POCA)

2.3 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017), which transposed the Fourth EU Money Laundering Directive into UK Law, were laid before Parliament on 22 June 2017 and commenced on 26 June 2017. These obligations impact on certain areas of local authority business and, as under the previous regulations of 2007, require local authorities to maintain internal procedures to prevent the use of their services for money laundering. A key difference of the 2017 Regulations is to require relevant persons to adopt a more risk-based approach towards anti-money laundering, particularly in the conduct of due diligence. Determining the appropriate level of due diligence requires analysis of risk factors based on the EU Directive and which are set out in MLR 2017. The Money Laundering and Terrorist Financing (Regulations) 2019 and Sanctions and Anti Money Laundering Act 2018, have come into effect during 2020, however do not apply any specific new requirement upon local authorities. The Council will have mind to these regulations when applying any actions in relation to his matter.

3. Scope of the Policy

3.1 This Policy applies to all employees 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 which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations.

3.2 Further information is set out in the Council's Anti-Money laundering guidance documents which can be found on the Fraud, Whistleblowing, Bribery and Money laundering staff intranet (Molly) page. Both the Policy and the Guidance Notes sit alongside the Council's Whistleblowing Policy and Anti-Fraud and Corruption Policy.

4. What is Money Laundering?

4.1 Money laundering "is any action taken to conceal, arrange, use or possess the proceeds of any criminal conduct. Criminals try to undertake transactions with "dirty money" (money from criminal activity or from untaxed income sources) in an attempt to make it look "clean" (derived from a legitimate source) in order to be able to use the proceeds without detection and to put them beyond the reach of

law enforcement and taxation agencies. This typically involves transactions through legitimate organisations such as the Council.

Under the legislation, the main money-laundering offences include:

- Concealing, disguising, converting or transferring criminal property or removing it from the UK;
- Entering into or becoming involved 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 processing criminal property;
- Becoming involved in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property.

4.3 The Money Laundering regulations also extend to two specific secondary offence failing to disclose any of the primary offences "tipping off" - informing someone who is suspected of Money Laundering in such a way as to prejudice any investigation or reduce the likelihood of them being investigated

The wider implications are that potentially anyone could be caught by the Money Laundering Provisions if they suspect Money Laundering and either become involved with it or do nothing about it

The Anti-Money Laundering Guidance documents for Staff gives practical examples of money laundering that are applicable to Council services.

Money laundering regulations apply to cash transactions in excess of 15,000 Euros (approximately £13,000). However, Proceeds of Crime Act (POCA) applies to all transactions and can include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers. Although instances of suspected money laundering are likely to be rare, given the nature of services provided by the Council, failure to comply with legal requirements could have significant implications for both the Council and the individuals concerned.

4.4 Potentially any member of staff 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. The Guidance Note gives practical examples. This Policy sets out how any concerns should be raised.

5. What are the obligations on the council?

5.1 Organisations conducting "relevant business" must:

- Appoint a Money Laundering Reporting Officer ("MLRO") and deputies 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 to the National Crime Agency (NCA) – The NCA leads the UK law enforcement's fight against serious and organised crime. It came into operation in October 2013 and replaced the Serious and Organised Crime Agency (SOCA) ;

- Have in place "Customer Due Diligence" procedures that are designed to acquire knowledge about the identity of clients and prospective clients and undertake ongoing monitoring of this – A Guide to Knowing Your Customer
- Ensure that there are internal controls in place to try to prevent money laundering (particularly in areas perceived to be of a higher risk).
- Ensure that there is a system in place that monitors and manages compliance with this policy. Ensure that this policy and procedures are fully communicated to staff.
- The Council's Officers Code of Conduct has explicit expectations that all officers should comply with the law and to have the highest standards in public life.

5.2 Not all of the Council's business is "relevant" for the purposes of the legislation: it is mainly the accountancy and audit services carried out by the Finance Service, cashier activities carried out by the Revenues Service and the financial, company and property transactions undertaken by the Legal Department. However, the safest way to ensure compliance with the law is to apply them to all areas of work undertaken by the Council; therefore, all staff are required to comply with the reporting procedure set out in section 6 below.

6. The Money Laundering Reporting Officer (MLRO)

The officer nominated to receive disclosures about money laundering activity within the Council is the Deputy Chief Executive (s151 officer)

The deputy MLRO's are:

- Legal Services Manager
- Financial Services Manager
- Fraud and Investigation Manager
- Revenues & Exchequer Manager

7. Failure to report money laundering offences or suspicions

7.1 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 Failure to report money laundering offences means that potentially any employee 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.

Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation. Any person found guilty of a money laundering offence is liable for imprisonment (maximum of 14 years), a fine, or

both however, an offence is not committed if the suspected money laundering activity is reported to the MLRO and, where necessary, official permission obtained to continue in the transaction.

8. Disclosure Procedure

Reporting to the Money Laundering Reporting Officer and / deputies

8.1 Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act, you must disclose this as soon as practicable to the MLRO. The disclosure should be within “hours” of the information coming to your attention, not weeks or months later. Should you not do so, then you may be personally liable to prosecution.

8.2 Your disclosure should be made to the MLRO using the Money Laundering referral form found on the Fraud, Whistleblowing, Bribery and Money laundering staff intranet (Molly) page. The report must include as much detail as possible, Please note that the staff guidance note has been produced which includes a section on recognising money laundering activity.

8.3 Once you have reported the matter to the MLRO you must follow any directions he may give you. You must not make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the NCA. You must not make any further enquiries into the matter yourself and under no circumstances should you voice your suspicions to the person/s suspected of money laundering activity. You must not discuss the matter with anyone else or make a note on a client file/record that a report has been made to the MLRO. If a client exercises their right to see the file, any note that has been made would tip them off. You may commit a further offence of ‘tipping off’ if, knowing a disclosure has been made, you notify the subject or mention to someone else other than the MLRO and / or deputies. Be very careful what you say and to whom, in these circumstances. Any person found guilty of tipping off or prejudicing an investigation offence is liable to imprisonment (maximum five years), a fine or both. The MLRO is responsible for retaining all appropriate records in a confidential manner.

8.4 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

8.5 The MLRO will promptly evaluate the internal report to evaluate if the activity should be reported to NCA. The roles and responsibilities of the MLRO are covered in separate internal guidance –“Roles and Responsibilities of the MLRO”.

9. Due Diligence

9.1 Services are required, to undertake a proportionate level of due diligence in relation to all transactions. The amount of due diligence required is linked to the type and value of transaction being undertaken, however services need to know the identity of the individual they are dealing with and where their funds are coming from. The process of

knowing your customer is also fundamental in ensuring that the Council can comply with the data protection legislation.

9.2 Most areas of the Council currently have in place adequate processes to ensure that they know their customers. There is enhanced checking in key areas such as property transactions, benefits claims, employment checking, and council house tenancies as well as several other areas. This issue does need to be included when services look to move transactions from face to face to online transactions.

9.3 Under Money Laundering Regulations, businesses should undertake a risk based approach to “customer due diligence”. Risks must be assessed before the appropriate level of due diligence can be applied. A separate document “guide to knowing your customer” is available online to aid in this process.

10. Record keeping procedures

Where required all client identification evidence and details of the relevant transactions must be retained for a minimum of five years. The records need to be maintained in a format where they can be easily recovered by the client department.

11. Risk Register

11.1 Regulation 18 MLR 2017 requires a written risk assessment to identify and assess the risk of money laundering and terrorist financing that the Council faces. This will: -

- Assist in developing policies, procedures and controls to mitigate the risk of money laundering and terrorist financing
- Help in applying a risk-based approach to detecting and preventing money laundering terrorist financing
- Inform an assessment of the level of risk associated with particular business relationships and transactions and enable appropriate risk-based decisions about clients and retainers

In carrying out risk assessments we will take into account information on money-laundering and terrorist financing risks made available by the Law Society and/or SRA, and risk factors relating to: -

- Customers
- Geographic areas where the Council operates
- Products and services
- Transactions
- Delivery channels

12. Conclusions

12.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This Policy has been written so as to enable the Council to meet the legal requirements in a way which is proportionate to the very low risk to the Council of contravening the legislation.

13. Review.

This Policy will be reviewed on a bi-annual basis by the Deputy Chief Executive (s151 officer)

Version Control

Version Date	November 2018	October 2020
Author	Fraud Manager	Fraud Manager
Approved by	Deputy Chief Executive (s151 officer)	Deputy Chief Executive (s151 officer)
Review Date	November 2020	October 2022