

**NEWCASTLE·UNDER·LYME**  
**BOROUGH COUNCIL**

# **Anti-Money Laundering Policy**

**2015-16**

**NEWCASTLE UNDER LYME BOROUGH COUNCIL**

**MANAGING THE RISK OF FRAUD**

**ANTI- MONEY LAUNDERING POLICY**

**1. Foreword**

- 1.1 The public is entitled to expect the Council to conduct its affairs with integrity, honesty and openness, and to demand the highest standards of conduct from those working for it. This Anti-Money Laundering Policy outlines the Council's commitment to creating an anti-fraud culture, and maintaining high ethical standards in its administration of public funds. It also recognises its responsibilities under the various legislation including the Terrorism Act 2000, Proceeds of Crime Act 2002, Money Laundering Regulations 2007 and Fraud Act 2006, and subsequent regulations.

**2. Money Laundering**

- 2.1 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 where it is receiving funds from sources where the identity of the payer is unknown. It is, therefore, possible that Council may be targeted by criminals wishing to launder the proceeds of crime.
- 2.2 In addition, it is possible that the proceeds of crime may be received from individuals or organisations who 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. All staff therefore dealing with the receipt of funds or having contact with third parties from whom funds may be received need to be aware of the possibility of money laundering taking place.
- 2.3 Under the various 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.
- 2.4 The Money Laundering Regulations require us to carry out 'Customer Due Diligence (CDD)'. Staff should therefore be alert to where Newcastle under Lyme Borough Council (NULBC) may be targeted by individuals trying to launder the proceeds of crime; avoid alerting anyone dealing with NULBC that they have a suspicion that they may be attempting to launder, or have laundered, the proceeds of crime; and to report any suspicions of money laundering<sup>1</sup>.

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<sup>11</sup> Any suspicions should be reported to the Money Laundering Compliance Officer – see paragraph 2.12

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- 2.5 Training will be provided to all relevant staff regarding money laundering to assist them in their awareness of how money laundering could take place and the appropriate method of dealing with this. In effect, any areas where money changes hands could therefore be at risk of money laundering attempts, i.e. Application fees for taxi licences, planning applications, payment of housing benefits etc.
- 2.6 The Council already has procedures in place to limit the amount of cash that it receives, with other payment methods being made available. To ensure however that the system is manageable, if a cash payment of less than £2,000 is received; no identification checks will be needed.
- 2.7 Where the £2,000 limit is exceeded, officers dealing with the matter will need to establish the identity of the individual/company involved to seek to ensure that the risk of receiving the proceeds of crime can be minimised.
- 2.8 For individuals, their passport or photo driving licence should be provided, together with one of the following:
- Utility bills i.e. electricity, water etc. however mobile phone bills are not acceptable
  - Mortgage/building society/bank statements
  - Credit card statements
  - Pension or benefit books
- If passport or photo driving licence is not available, then two of the other items listed above will need to be produced.
- 2.9 For companies, a Companies House Search should be undertaken to confirm the existence of the company and identify who the directors are. Personal identification should then be obtained for the representatives of the company together with proof of their authority to act on behalf of the company. Care should be taken if it becomes clear that the individual has only recently become a director of the company or if there has been a recent change in the registered office.
- 2.10 For any other type of organisation, for example a sole trader or partnership, personal identification should be obtained for the individuals together with documents indicating their relationship to the organisation.
- 2.11 Copies of any evidence provided in support of the identification of an individual or organisation should be kept on a central file so that it can be referred to later if necessary. Records should be kept for 5 years after the end of the transaction.

**Money Laundering Reporting Officer (“MLRO”)**

- 2.12 The Council’s Money Laundering Reporting Officer (“MLRO”) is the Executive Director (Resources and Support Services), Kelvin Turner. In the absence of the MLRO, Head of Finance, Dave Roberts deputises.

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### Procedure for Reporting Suspicious Transactions

- 2.13 Any suspicious transactions which staff may become aware of in the course of their work must be reported to the MLRO immediately using the Council's Internal Disclosure Form (see Appendix 2). Failure to make the appropriate report immediately will be regarded as gross misconduct and may result in dismissal without notice or pay in lieu of notice.
- 2.14 It is imperative that, if staff have a suspicion concerning an individual or organisation with which they are dealing that they do not alert them to that suspicion i.e. that no "tipping off" is done. Staff must, therefore, **not** make them aware that an internal disclosure report may be made. Once the report is made, the cash/cheques/other form of payment from this source should not be banked until clearance has been received from the MLRO. Such clearance may take up to seven days from the time when the initial report to the Money Laundering Compliance Officer is made.
- 2.15 If the funds are banked in this period without getting clearance from the MLRO that staff members runs the risk of a fine and/or imprisonment for up to 14 years.

### Additional Guidance

- 2.16 If you require any additional information or guidance in relation to the contents of this policy and your responsibilities please contact either the MLRO or his deputy. An Aide Memoir has been prepared – Appendix 3, which can be used as a brief reminder to staff of their responsibilities.

### 3. Conclusions

- 3.1 The Council has put into place a number of arrangements to protect itself from the risk of money laundering. However in the current climate of change there are issues that will increase this risk. Changes in structure, changes in systems and the turnover of staff all contribute to our exposure to the risk of money laundering. To mitigate against this risk the Council will regularly review arrangements.
- 3.2 The Money Laundering Policy provides a framework for preventing and tackling money laundering acts against the Authority. The approval of the Policy by the Audit and Risk Committee, on behalf of the Council, demonstrates the Council's commitment to protecting public funds. Having made this commitment, it is imperative that the MLRO puts in place arrangements for disseminating the Policy and promoting money laundering awareness, throughout the Council.

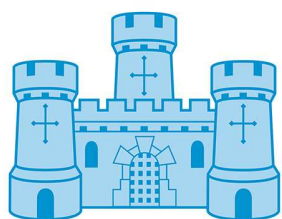
### 4. Review of this policy

This policy was last reviewed in March 2015 and will be subject to a review every 2 years unless any changes or updates to any of the relevant legislation require that it is undertaken sooner.

**Role of the Money Laundering Reporting Officer – “MLRO”**

The duties of the Money Laundering Reporting Officer are:

- To ensure that the Council complies with the requirements of the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002.
- To ensure that all relevant staff are aware of and comply with the Council's Money Laundering Policy.
- To ensure that the Council properly identifies all third parties dealing with the Council where there is a higher risk of the Council receiving the proceeds of crime and to ensure that copies of any documents taken as proof of evidence are kept on a central file by the Council.
- To ensure that all relevant staff receives training on how to identify, deal with and prevent money laundering.
- To ensure that all necessary disclosures to the National Crime Agency (NCA) are made and that they are made as soon as practically possible after the suspicion has been raised.
- To decide whether a suspicious transaction report requires a disclosure to be made to NCA.
- To liaise with NCA regarding the outcome of the disclosure and update staff accordingly.



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**MONEY LAUNDERING – INTERNAL REPORTING FORM**

Money laundering legislation requires all individuals within the Council to report any knowledge or suspicions that they might have of money laundering (as defined in the Proceeds of Crime Act 2002) to the Council's Money Laundering Reporting Officer. To assist individuals the following pro forma has been developed. Particular circumstances may require different information to be disclosed and this should be fully explained, if applicable.

***Instructions for Completion***

*It is your legal duty and a requirement of your employment with Newcastle under Lyme Borough Council that you report any suspicion concerning proceeds of crime to:*

**Money Laundering Reporting Officer  
 Newcastle under Lyme The Council  
 Civic Offices  
 Merrial Street  
 Newcastle under Lyme  
 Staffordshire  
 ST5 2AG**

This should be marked **URGENT – \*\*RESTRICTED\*\* TO THE ADDRESSEE ONLY.**

You are also reminded that “**Tipping-Off**” is a criminal offence. You should therefore avoid discussing the content of this report with anyone other than the Money Laundering Reporting Officer.

|                             |   |                               |  |
|-----------------------------|---|-------------------------------|--|
| Date of Report:             |   | Date suspicion first aroused: |  |
| Prepared by:<br>Name & Dept |   |                               |  |
| Disclosure Type:            | (i.e. connections to crime/drugs/terrorism) |                               |  |

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**Main Subject (Person)**

|                   |  |              |                          |                  |  |
|-------------------|--|--------------|--------------------------|------------------|--|
| Surname:          |  | Forename(s): |                          | Title:           |  |
| Date of Birth:    |  | Gender:      |                          |                  |  |
| Occupation:       |  | Employer     |                          |                  |  |
| Address (in full) |  | Postcode     | Home/Business/Registered | Current/Previous |  |
|                   |  |              |                          |                  |  |

Or

**Main Subject (Company)**

|                   |          |                          |                  |
|-------------------|----------|--------------------------|------------------|
| Company Name:     |          | Company No:              |                  |
| Type of Business: |          | VAT No:                  |                  |
| Country of Reg:   |          |                          |                  |
| Address (in full) | Postcode | Home/Business/Registered | Current/Previous |
|                   |          |                          |                  |

**Bank Account Details**

|              |  |             |  |
|--------------|--|-------------|--|
| Account Name |  | Sort Code:  |  |
| Opened:      |  | Account No: |  |
| Closed:      |  | Balance     |  |

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**Other Information**

Any knowledge/evidence held to confirm identification and/or address, i.e. passport/driving licence etc:

**Connected Subject Person (if any)**

|                   |  |              |                          |                  |  |
|-------------------|--|--------------|--------------------------|------------------|--|
| Surname:          |  | Forename(s): |                          | Title:           |  |
| Date of Birth:    |  | Gender:      |                          |                  |  |
| Occupation:       |  | Employer     |                          |                  |  |
| Address (in full) |  | Postcode     | Home/Business/Registered | Current/Previous |  |
|                   |  |              |                          |                  |  |

**Or**

**Connected Subject Company (if any)**

|                   |  |             |                          |                  |  |
|-------------------|--|-------------|--------------------------|------------------|--|
| Company Name:     |  | Company No: |                          |                  |  |
| Type of Business: |  | VAT No:     |                          |                  |  |
| Country of Reg:   |  |             |                          |                  |  |
| Address (in full) |  | Postcode    | Home/Business/Registered | Current/Previous |  |
|                   |  |             |                          |                  |  |

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**Bank Account Details**

|              |  |             |  |
|--------------|--|-------------|--|
| Account Name |  | Sort Code:  |  |
| Opened:      |  | Account No: |  |
| Closed:      |  | Balance     |  |

**Other Information**

Any knowledge/evidence held to confirm identification and/or address, i.e. passport/driving licence etc:

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### Reason for the Suspicion

**Please tick any or all of the following which might apply**

|             |                          |                              |                          |           |                          |
|-------------|--------------------------|------------------------------|--------------------------|-----------|--------------------------|
| Drugs       | <input type="checkbox"/> | Personal Tax Fraud           | <input type="checkbox"/> | VAT Fraud | <input type="checkbox"/> |
| Crime       | <input type="checkbox"/> | Company Tax Fraud            | <input type="checkbox"/> |           |                          |
| Immigration | <input type="checkbox"/> | Tobacco/Alcohol Excise Fraud | <input type="checkbox"/> |           |                          |

**Following on from above, please set out the reason for the suspicion.**

Please continue on separate sheet if required

**Names of all other colleagues (principals & staff) who have been involved with the case**

|  |
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**Declaration**

The above is an accurate account of the facts that are available to me at the time of making the report. If I become aware of additional and/or changes in the information provided I will disclose these to the Money Laundering Reporting Officer in a timely manner. I am aware of the risks and penalties regarding "tipping-off" or frustrating in any way an investigation of the above or related matters by the authorities.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Name in  
Full: \_\_\_\_\_

Position: \_\_\_\_\_

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## **MONEY LAUNDERING AVOIDANCE AIDE MEMOIR**

1. No member of staff must accept cash of more than £2,000 from any member of the public.
2. If you are offered cash of more than £2,000 you should advise the person offering it to you that it is not Council policy to accept large amounts of cash of more than £2,000 and that you need to obtain guidance from a senior member of staff. You should then contact the Money Laundering Reporting Officer to obtain authorisation to take cash, if appropriate.
3. Any large cash sums should not be banked in the first instance. The Money Laundering Reporting Officer should be contacted to seek guidance as to how to deal with the funds. Forms to report the matter are included in the policy document at Appendix 2.
4. Whilst it is not acceptable to be suspicious of all cash based businesses, anyone whom you know to be associated with such a business should be dealt with using a higher degree of scepticism. If you have any reason to suspect the source of their funds then you should contact the Money Laundering Reporting Officer to discuss your concerns, even if the payment is not received in cash.
5. If you receive a complaint from a member of the public in relation to possible criminal activity being carried out by someone who may be a customer of the Council (i.e. a Council Tax or Business Rates payer, rent payer, licensee etc) you must pass this on to the Money Laundering Reporting Officer.