



ANTI-MONEY LAUNDERING POLICY AND PROCEDURE

Policy Owner	Head Of Corporate Finance & Accounting
Reviewed by	Head of Audit and Assurance
Date of Review	July 2022
Approved by	
Date approved	

1. Policy Statement

1.1. London Borough of Bromley will not tolerate corruption, whether from internal or external sources, and has high expectations of propriety and integrity.

1.2. Money laundering is a serious criminal offence which includes possessing, dealing with, or concealing, the proceeds of any crime. Often, it is used to fund terrorist organisations. Thus, it can inflict significant harm on both individuals and wider society.

1.3. This policy aims to:

- Minimise risks of money laundering through the Council's services
- Protect the Council's employees through raising awareness and ensuring they are aware of their obligations
- Prevent the Council's services being used for criminal activity through money laundering
- Comply with legal and ethical obligations to prevent money laundering and report any actual or suspected cases appropriately
- Set 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.

1.4. This policy applies to all employees and contractors in relevant roles and elected Members of the Council.

2. What Is Money Laundering?

2.1. Money laundering is a term used for a number of offences involving the proceeds of crime or terrorist financing. Essentially, it is the processes and transactions that criminals use to disguise the source of their money and make it appear to be from a legitimate source. This makes it more difficult for law enforcement agencies to prosecute criminals and recover the proceeds of crime.

2.2. There are three stages to money laundering:

Placement: Placing funds obtained from a crime into existing financial systems, for example multiple different bank accounts or using it to purchase assets.

Layering: Conducting complex and frequent transactions to disguise the source of funds.

Integration: Using the money from these transactions to transfer back into the economy.

2.3. Money laundering is covered by different pieces of legislation listed below:

- Proceeds of Crime Act 2002
- Terrorism Act 2000
- Money Laundering Regulations 2007
- Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017
- Money Laundering and Terrorist Financing (Amendment) Regulations 2019
- Criminal Finances Act 2017

2.4. Money laundering methodologies are constantly changing and consequently it is not always easy to identify. Therefore, staff must remain alert to the risks and use their professional judgment to assess when a transaction does not seem right. Examples of possible money laundering indicators include:

- Large cash payments
- Over or under invoicing
- Requests for refunds on overpaid bills or invoices
- Cancelled significant transactions, which will then be refunded
- Requests to pay monies overseas
- New customers with high value transactions
- Third party intermediaries becoming involved in transactions
- Difficulty establishing the owner of a company / trust / source of wealth

3. The Council's Obligations and Commitments

3.1. The following money laundering offences under the Proceeds of Crime Act 2002 apply to all persons in the UK both in a personal and professional capacity:

- concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327)
- entering into or becoming concerned 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 (section 328)
- acquiring, using or possessing criminal property (section 329)
- doing something that might prejudice an investigation for example falsifying documents (section 342)

3.2. Under the Terrorism Act 2000, all individuals and businesses are obliged to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism, where it relates to information that comes to them in the course of their business or employment.

3.3. As a public authority, the majority of work that the Council undertakes is not within the scope of the money laundering regulations. However, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accountancy (CIPFA), states that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

3.4. Further, if the Council provides 'relevant business' (accountancy, audit and tax services and legal services regarding financial, company or property transactions) then Money Laundering Regulations may apply.

3.5. Whilst the risk of money laundering through the Council's services is low, the Council considers that the best way to ensure compliance with the law and to minimise any risk to the Council, its employees and Members, is to adopt procedures for all areas of work.

3.6. Therefore the Council will:

- 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.

3.7. It is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation. All employees, contractors in relevant roles (for example Cashiers) and Members are required to comply with this policy and the reporting procedure.

The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).

4. The Money Laundering Reporting Officer

4.1. The officer nominated to receive disclosures about money laundering activity within the Council is the Head of Corporate Finance and Accounting who can be contacted as follows:

David Dobbs,
London Borough of Bromley
Room S204, 2nd Floor,
Stockwell Block, Civic Centre,
Stockwell Close
Bromley
BR1 3UH

Email: david.dobbs@bromley.gov.uk

Tel: 0208 313 4145

4.2. In the absence of the Head of Corporate Finance and Accounting, the Head of Audit and Assurance is authorised to deputise and can be contacted as follows:

Francesca Chivers,
London Borough of Bromley
Room S214, 2nd Floor,
Stockwell Block, Civic Centre,
Stockwell Close
Bromley
BR1 3UH

Email: francesca.chivers@bromley.gov.uk

Tel: 0208 313 4308

ANTI MONEY-LAUNDERING PROCEDURE

1. Reporting to the Money Laundering Reporting Officer (MLRO)

- 1.1. Any employee who suspects money laundering activity is taking place, or an employee who becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, must disclose this immediately to the MLRO.
- 1.2. The disclosure should be made to the MLRO or deputy using the proforma report attached at Appendix 1. The report must include as much detail as possible that is available. This detail will be required if the MLRO decides to make a Suspicious Activity Report (SAR) to the National Crime Agency.
- 1.3. The employee must follow any subsequent directions from the MLRO or deputy and must not make any further enquiries themselves into the matter. Additionally, they must not take any further steps in the transaction without authorisation from the MLRO or deputy.
- 1.4. The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. This includes discussing the matter with others or noting on a file that a report has been made to the MLRO in case this results in the suspect becoming aware. 'Tipping off' is a criminal offence under the Proceeds of Crime Act 2002.

2. Consideration of the disclosure by the Money Laundering Reporting Officer

- 2.1. The MLRO or deputy must acknowledge receipt of the report and promptly evaluate any disclosure to determine whether a Suspicious Activity Report (SAR) should be made to the National Crime Agency (NCA). The MLRO will request any other available internal information they think relevant to evaluate the suspicion.
- 2.2. The MLRO or deputy must, if they determine there are reasonable grounds for the suspicion, promptly report the matter to the NCA using the SAR standard form available on the website. NCA can be contacted 24 hours a day on 0370 496 7622.
- 2.3. If the MLRO concludes that there are no reasonable grounds for suspecting money laundering and that a SAR should not be filed, they must document the reasons for this on the report.
- 2.4. All disclosure reports referred to the MLRO or deputy 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 after the date of the transaction. This includes reports where a disclosure has not been made to the NCA.
- 2.5. The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

3. Customer Due Diligence

- 3.1. As a matter of course, managers should ensure that appropriate due diligence checks are carried out on new partners, suppliers and contractors in accordance with existing policies and procedures.
- 3.2. Where the Council is carrying out a **regulated business** (accountancy, audit and tax services and legal services for financial, company or property transactions), then Enhanced Customer Due Diligence (set out in the narrative below) must be undertaken if the Council charges for the service, is providing the service to a customer other than another UK public authority and:
- a) forms an ongoing business relationship with a client; **or**
 - b) undertakes a one off or occasional transaction amounting to €15,000 (sterling equivalent) or more whether carried out as a single transaction or several linked ones; **or**
 - c) suspects money laundering or terrorist financing.
- 3.3. Customer due diligence checks will include:
- Checking the organisation's website and other open-source information such as Companies House to confirm the identity of the personnel, their business address and any other relevant information
 - Asking the key contact officer to provide evidence of their personal identity such as passport, driving licence
 - Asking the Head of Service or Chair of the relevant organisation to provide signed confirmation in writing that the person works for the organisation
 - Ensuring that you can determine the Ultimate Beneficiary Owner of the customer you are engaging with – who owns and controls the company?
- 3.4. Evidence of these checks should be retained for at least five years from the end of the business relationship or transaction.
- 3.5. In certain circumstances it will be necessary to undertake Enhanced Customer Due Diligence. In summary, this will be necessary where:
- The customer has not been physically present for identification purposes; **or**
 - The situation which by its nature can present a higher risk of money laundering or terrorist financing, such as where the organisation is established in a high-risk third country, or where the transaction is unusually large or complex.
- 3.6. Where this applies, the Council will need to take adequate measures to compensate for the higher risk. For example, ensuring that the customer's identity is established by additional documents, data or information.
- 3.7. Where the "relevant business" is being provided to another UK public sector body then written, signed instructions on the body's headed paper

should be obtained prior to the transaction being completed.

3.8. Customer due diligence must be followed before any business is undertaken for the client.

3.9. Where the Council is carrying out a regulated business and is in an ongoing “business relationship” with a customer, it must scrutinise transactions undertaken throughout the course of the relationship to make sure that these transactions are consistent with the Council’s knowledge of the customer, his/her business and risk profile; and keep documents, data or information obtained for the purpose of applying Customer Due Diligence measures up-to-date.

4. Cash Payments

4.1. No payment to the Council will be accepted in cash (defined as notes, coins or travellers cheques in any currency) if it exceeds £5,000. All attempted cash transactions higher than this value should be discussed with the MLRO to determine whether a disclosure should be made.

5. Record Keeping

5.1. Customer due diligence identification evidence and the details of the relevant transaction(s) for that client must be retained for at least five years from the end of the relationship / date of the transaction.

5.2. The precise nature of these records is not set down in law but should provide an adequate audit trail during any subsequent investigation.

5.3. Money laundering reports and SARs will be kept by the MLRO for a period of five years after the date of the transaction.

6. Training and Awareness

6.1. Heads of Service are responsible for ensuring that staff and contractors who may be in situations where money laundering could occur are aware of this policy and procedure and provided with appropriate training.

7. Review

7.1. This policy and procedure will be reviewed every two years at a minimum, or sooner in line with significant developments.

8. FURTHER INFORMATION

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

- Website of NCA – <http://www.nationalcrimeagency.gov.uk>
- Proceeds of Crime (Anti Money Laundering) – Practical Guidance for Public Service Organisations – CIPFA
- Anti Money Laundering (Proceeds of Crime and Terrorism) – Second Interim Guidance for Accountants – CCAB – www.ccab.org.uk
- Money Laundering Guidance at www.lawsociety.org.uk

CONFIDENTIAL Report to Money Laundering Reporting Officer

Re: Suspected money laundering activity

**To: Money Laundering Reporting Officer, (Head of Corporate Finance and Accounting)
London Borough of Bromley**

From:
[insert name of employee]

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

Please complete as many of the following fields as you can. If you do not know any of requested information, please state 'Not known'.

Details of Main Subject:

Name			
Date of Birth		Gender	
Nationality			
Occupation			
Address			
Is this a home or work address?			

Transaction Details:

Date			
Amount		Currency	
Credit or Debit?			
Type of transaction? (for example cash, card, bank transfer)			
Reason for transaction			

Account details of destination / originating bank

Name of Account	
Account Number	
Sort Code	

Associated Subjects: Please provide the details below of any other people you suspect of being involved in money laundering

Name			
Date of Birth		Gender	
Nationality			
Occupation			
Address			
Is this a home or work address?			

Name			
Date of Birth		Gender	
Nationality			
Occupation			
Address			
Is this a home or work address?			

Please enter details of your suspicions and the reasons. Please provide as much details as possible.

Signed	
Print Name	
Date	

FOR COMPLETION BY THE MLRO OR DEPUTY

Date report received			
Date report acknowledged			
Will a SAR be made to the NCA – Yes / No			
If Yes, date sent		Date acknowledged	
If no, outline reasons			
Is consent required from the NCA to proceed with any transaction – Y / N			
Date Consent received		Date consent given by MLRO to employee	
Signed			
Print Name		Date	