



# BRACKNELL FOREST BOROUGH COUNCIL

## ANTI-MONEY LAUNDERING POLICY

VERSION	DATE	APPROVED BY	REVIEW DATE
Version 1	June 2014	Governance and Audit Committee	June 2017
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## **1. Introduction**

- 1.1 Bracknell Forest Borough Council, "the Council" takes a zero- tolerance approach to fraud and corruption and as such takes a proactive approach to the prevention, detection and reporting of suspected money laundering incidents.
- 1.2 This Anti-Money Laundering Policy sets out the Council's commitment to ensuring compliance with the requirements of the Proceeds of Crime Act 2002, the Terrorism Act 2000 and Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and Chartered Institute of Public Finance and Accountancy (CIPFA) guidance for Local Authorities on Money Laundering.

## **2. Scope**

- 2.1 The policy applies to:
  - All Council staff (permanent and temporary, including staff working within schools)
  - Elected members
  - Agency staff
  - Consultants
- 2.2 The policy complements the Council's Employee Code of Conduct, the Whistleblowing Policy, the Anti-Bribery and the Anti-Fraud and Corruption Policy.

## **3. Definition**

- 3.1 Money Laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The following acts constitute the act of money laundering:
  - The process by which criminal property is concealed, disguised, converted, transferred or removed from England, Wales, Scotland or Northern Ireland (section .327 of the proceeds of Crime Act 2002).
  - 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); or.
  - Acquiring, using or possessing criminal property (section .329).
- 3.2 There are also secondary offences such as :
  - Failure to disclose any of the money laundering offences above.
  - Tipping off a suspect, either directly or indirectly.
  - Prejudicing an investigation.

## **4. The Council's Obligations**

- 4.1 Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2017, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accounting (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations. It is recommended they put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

- 4.2 The Council is therefore required to produce its own internal policies and procedures to prevent, detect and report suspicions of money laundering activities. The Regulations apply to “relevant persons” acting in the course of business carried on by them in the UK. Not all of the Council’s business is “relevant” for the purposes of the Regulations; it is mainly accountancy and financial, company and property transactions undertaken by Legal Services. It is reasonable to conclude that the money laundering regime is not primarily aimed at local authorities and that local authorities’ work is to some extent indirect to the regime. However, the safest way to ensure compliance is to apply its requirements to all of the Council’s areas of work and to ensure that all staff comply with the reporting procedure set out in the policy.
- 4.3 The obligations on the Councils are to establish and maintain appropriate and risk sensitive policies and procedures relating to the following:
- Ensuring that employees who are most likely to be exposed to or suspicious of money laundering are aware of the requirements and obligations placed on the Council and on them as individuals.
  - Providing targeted training for those staff considered to be most likely to encounter money laundering.
  - Appointing a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity. Make arrangements to receive and manage the concerns of staff about money laundering and their suspicion of it, to make internal enquiries and to make reports where necessary to National Crime Agency (NCA)
  - Establishing internal procedures to help forestall and prevent money laundering.

## **5 How the Council Could Become Involved**

- 5.1 The Council carries out transactions for a variety of purposes during which it handles money from customers. These transactions include (but are not limited to), dealings with commercial leaseholders, payments for Council Tax and Business Rates, income from disposal of Council assets, settling of deferred payments, Community Infrastructure Levy and section 106 monies.
- 5.2 It is feasible for the Council to become unwittingly involved in the money laundering process via contacts who are carrying out apparently normal transactions, if the money, property or other assets they bring to the transactions are the proceeds of crime.
- 5.3 The definition of money laundering is very wide, any contact with the proceeds of any offence, from petty theft to drug dealing, tax evasion, extortion and murder, is likely to constitute money laundering.
- 5.4 Where fraud or corruption is suspected, staff members will also need to follow the guidance set out in the Council’s Anti-fraud and Anti-Bribery policies.

## **6. The Money Laundering Reporting Officer (MLRO)**

- 6.1 The Council has nominated the Executive Director:Resources as the main point of contact for money laundering issues and to act as the nominated Money Laundering Reporting Officer (MLRO). Staff should report any suspicions to the Executive Director: Resources immediately they arise.

## **7. Reporting Procedure**

- 7.1 Indicators that should raise suspicion include (but are not limited to):
- Where the person you are dealing with is excessively secretive or obstructive
  - Where a transaction seems unusual, such as an unusually large cash payment exceeding £5000
  - An overpayment or duplicate payment in cash where the refund is requested by cheque
  - Where a customer pays funds to the Council but then ends the transaction for no apparent reason, or unexpectedly asks for money to be refunded or forwarded to a third party
  - Where a customer tells you that funds are coming from one source and at the last minute the source changes
  - Absence of an obvious legitimate source of funds e.g. where an individual is on a low income and is purchasing a property from the Council
  - Individuals and companies that are insolvent but have funds
- 7.2 Suspicions should be made to the MLRO via email at (Stuart.McKellar@bracknell-forest.gov.uk) using the pro-forma attached at Appendix 1. The Executive Director: Resources will seek to establish the facts of the case and determine whether a formal referral to the NCA is appropriate.
- 7.3 Once the suspicions have been reported to the Executive Director:resources then the person who has reported this must not make any further enquiries nor talk to other staff about the matter in case they alert the person(s) involved. In this respect it is important that they do not expose themselves to any of the secondary offences e.g. indirectly prejudicing an investigation. Their obligations under the relevant legislation in relation to anti money laundering will have been met in full by reporting the matter to the Executive Director:resources.
- 7.4 The Executive Director: Resources or his delegated officer, will consult with staff as appropriate in order to investigate the matter.

## **8. Customer Due Diligence**

- 8.1 Customer Due Diligence (CDD) or Know Your Customer (KYC) is a keystone in the fight against money laundering, serving to ensure our dealings are with bona fide individuals and organisations, and assisting in the identification of suspicious behaviour.
- 8.2 Where the Council is carrying out certain regulated business (accountancy, audit and tax services and legal services re financial, company or property transactions) and as part of this:
- a) forms an ongoing business relationship with a client

- b) undertakes a one off or occasional transaction amounting to €15,000 (approximately £10,000 at the time of the legislation) or more whether carried out as a single transaction or several linked ones
- c) suspects money laundering or terrorist financing;

then the Customer Due Diligence Procedure must be followed before any business is undertaken for that client.

8.3 Customer due diligence means:

- a) Identifying the customer and verifying the customer's identity on the basis of information obtained from a reliable and independent source e.g. conducting a search at Companies House.
- b) Obtaining information on the purpose and intended nature of the business relationship.

8.4 The Regulations regarding customer due diligence are detailed but the following questions help determine whether it is necessary:

- Is the service a regulated activity?
- Is the Council charging for the service?
- Is the service being provided to a customer other than another UK public authority?

If the answer to any of these questions is no then there is no need to carry out customer due diligence.

8.5 The requirement for customer due diligence applies immediately for new customers and should be applied on a risk basis for existing customers. Ongoing customer due diligence must also be carried out during the life of a business relationship but should be proportionate to the risk of money laundering and terrorist funding, based on the officer's knowledge of the customer and a regular scrutiny of the transactions involved.

## **9. Record Keeping Procedures**

9.1 Each service/department of the Council conducting relevant business must maintain records for at least five years of:

- client identification evidence obtained; and
- details of all relevant business transactions carried out for clients

9.2 The precise nature of the records is not prescribed by law, however, they must be capable of providing an audit trail.

## **10. Training**

10.1 The Council will take appropriate measures to ensure that all employees are made aware of the law relating to money laundering and will make available training for key individuals most likely to be affected by the legislation.

## **11. Review of Policy**

- 11.1 This policy will be subject to review and approval by the Governance and Audit Committee at least every 3 years.

**CONFIDENTIAL****REPORT TO THE MONEY LAUNDERING REPORTING OFFICER REPORT OF MONEY LAUNDERING ACTIVITY**

To: Money Laundering Reporting Officer

Please forward the completed form to the Head of Audit &amp; Risk Management

<b>Report from</b>	
Staff member's name	
Directorate / Department	
Phone contact details	
<b>Details of suspected offence</b>	
Names and address of the persons involved (If a company/public body please include details of the nature of their business)	
Nature, value, timing of activity involved (Please include details of dates of activities, whether transactions have already happened, are ongoing or if they are imminent, where and how the activity took/will take place, the approximate value of money/assets involved)	
Nature of suspicions regarding such activity	
Please include any details about your own involvement. (f you are concerned that your involvement in the transaction may amount to a prohibited act you must include all relevant details as you will need consent from the NCA via the Executive Director: Resources to take any further part in the transaction)	
Has any investigation been undertaken? If so, please include details of this .	
Have you discussed your suspicion with anyone else?	
Have you consulted any supervisory body e.g. The Law Society	
Signed	

Date	
<b>For Completion by MLRO</b>	
Date received	
Date acknowledged	
Are there reasonable grounds for suspecting money laundering activity?	
If yes, confirm date of report to NCA	
Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited act? If yes please confirm full details in the box.	
Date consent received from NCA	
Date consent given to employee for transaction to proceed	
If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out the reason(s) for non-disclosure	
Date consent given by you to the employee for transaction to proceed.	
Signed	
Date	
<b>THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS</b>	