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# Anti-Money Laundering Policy

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South Oxfordshire and Vale of White Horse District Councils



## Change Record

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Change Record	
Policy Title	Anti-Money Laundering Policy
Version Number	3
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Author(s)	Strategic HR and Finance, in partnership with UNISON
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**The Head of Finance and Deputy Section 151 Officer will review this policy at least every two years, to ensure it continues to fulfil its requirements.**

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# 1 Introduction

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## 1.1 Purpose

This document details the councils' Anti-Money Laundering Policy.

## 1.2 Scope

This Policy applies to any permanent or temporary employee of the council(s), Contractors/Agency Workers, and staff on casual contracts.

This document supersedes any previously existing or alternative policies, agreements or arrangements relating to Employee Conduct Policy & Procedure at the council.

## 1.3 Contractual Status

This policy forms part of your contract of employment. The councils are entitled to introduce minor and non-fundamental changes to this policy by notifying you of these changes in writing. The council will consult all employees on any major changes to the policy.

## 1.4 Alternative formats

Please do not hesitate to contact a member of the Strategic HR Team if you would like this policy in an alternative format, via: [hradminandpayroll@southandvale.gov.uk](mailto:hradminandpayroll@southandvale.gov.uk)

## 2 Policy

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### 2.1 Summary

Money laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activities. If they are successful, it also allows them to maintain control over those proceeds and, ultimately, to provide a legitimate cover for their source of funds. Their 'dirty' funds come to appear 'clean'.

This policy outlines the anti-money laundering controls and procedures which the council has in place in order to prevent activities related to money laundering and terrorist financing and to ensure compliance with the relevant law<sup>1</sup>.

The money laundering legislation mainly concerns private financial organisations and businesses. However, CIPFA has issued guidance which makes it clear that public authorities are not immune to the risk of money laundering.

**Potentially any member of staff could be prosecuted for money laundering offences if they suspect money laundering and either become involved with it in some way or do nothing about it. It is therefore important that all members of staff comply with this policy.**

Failure by any member of staff to comply with the procedures set out in this policy may lead to disciplinary action in accordance with the council's disciplinary policy.

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<sup>1</sup> The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, Money Laundering and Terrorist Financing (Amendment) Regulations 2019 and the Money Laundering and Terrorist Financing (Amendment ) (EU Exit) Regulations 2020

### 3 Signs of Money Laundering

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There is no one method of laundering money and methods can range from the purchase and resale of a luxury item (e.g. car or jewellery) to passing money through a complex international web of legitimate businesses and 'shell' companies i.e. companies that primarily exist only as named legal entities without any trading or business activities. Initially, however, in the case of drug trafficking or other serious crimes such as robbery, the proceeds are usually cash that needs to enter the financial system by some means. Possible signs of money laundering are set out in Appendix 1.

At all times you should:

- be wary of cash transactions
- take care when commencing business with a new client
- be alert to the possibility of money laundering by a client or a prospective client
- keep records, which may prove significant for subsequent criminal investigations and prosecutions.

Cash payments for sums of over £10,000 (15,000 Euros) must not be accepted. Cash payments for sums over £1,000 (1,500 Euros) must be referred to the Money Laundering Reporting Officer for authorisation before the cash is accepted.

## 4 Role of Money Laundering Reporting Officer (MLRO)

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The Council has appointed a MLRO to assist staff in complying with the relevant legislation and to receive internal reports from staff with knowledge or suspicion of money laundering or terrorist financing.

The MLRO is Simon Hewings, Section 151 Officer and Head of Finance. The Deputy Money Laundering Officer (DMLO) is the Deputy Section 151 Officer, Richard Spraggett. Please contact the designated DMLO in the first instance:

Finance Department  
South Oxfordshire and Vale of White Horse District Councils  
Abbey House  
Abbey Close  
Abingdon  
OX14 3JE

Tel: 01235 422422

[richard.spraggett@southandvale.gov.uk](mailto:richard.spraggett@southandvale.gov.uk)

[simon.hewings@southandvale.gov.uk](mailto:simon.hewings@southandvale.gov.uk)

In the absence of the DMLO, please report your concerns to the MLRO.

The MLRO will:

- advise you of the timescale within which he/she expects to respond to you
- consider the form and any other available internal information he/she thinks relevant
- undertake such other reasonable inquiries he/she thinks appropriate
- seek specialist legal and financial advice (if appropriate)

Once the MLRO has evaluated the disclosure report and any other relevant information, he/she must make a timely determination about money laundering, as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- he/she needs to seek consent from the National Crime Agency (NCA) for a particular transaction to proceed

Then the MLRO must disclose this as soon as practicable to the NCA on its standard report form and in the prescribed manner, unless there is reasonable excuse for non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

All disclosure reports referred to the MLRO and reports made by the MLRO to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

The MLRO commits a criminal offence if he or she knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him or her, that another person is engaged in money laundering and he or she does not disclose this as soon as practicable to the NCA.

The MLRO should always consult the Monitoring Officer in complex or difficult cases.

## 5 Financial and Legal Staff

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Legal, finance, accounting and audit staff must follow the procedures set out in Appendix 2 in order to ascertain the true identity of clients and ensure record keeping procedures (e.g. for evidence of identity obtained, details of transactions undertaken, for at least 5 years afterwards).

Legal Services is subject to particular provisions applying to the legal profession and these are set out in the document 'Anti-Money Laundering Procedures applying to all Legal Services Staff'.



## 6 Reporting Procedures (for all staff)

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Where you know or suspect that money laundering activity is taking place (or has happened) you must immediately notify the MLRO on the form set out in Appendix 3. If you do not immediately notify the MLRO then you may be liable to prosecution.

You must still report your concerns, even if you believe someone else has already reported their suspicions of the same money laundering activity.

After reporting:

- you must not make any further enquiries into the matter yourself and you must assist the MLRO as requested;
- at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, otherwise you may commit a criminal offence of “tipping off”. Be very careful what you say and to whom
- preliminary enquiries of a client to obtain more information (e.g. confirm their identity, clarify the source of funds) will not amount to tipping off unless you know or suspect that a report has been made
- you should not record on a client file that the MLRO has been notified – should the client exercise their right to see the file, then such a note will 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 secure manner. Such disclosures to the MLRO will be protected in that they will not be taken to breach any restriction on the disclosure of information.

## 7 Money Laundering Offences – Proceeds of Crime Act 2002

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### 7.1 Primary Money Laundering Offences

- concealing, disguising, converting, transferring criminal property or removing it from the UK. 'Criminal Property' is any benefit from criminal conduct where you know or suspect that is the case, including all real or personal property (in the UK or abroad), money, an interest in land or a right in relation to property other than land;
- 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
- failing to disclose when the information giving rise to knowledge or suspicion, or reasonable grounds for knowledge or suspicion, comes to a person in the course of business; acquiring, using or possessing criminal property
- an attempt, conspiracy or incitement to commit such an offence or aiding, abetting, counselling or procuring such an offence.

### 7.2 "Tipping Off" Offence

This is when you know or suspect a disclosure has been made and you make a disclosure that is likely to prejudice any investigation that might be conducted. Even if you have not reported the matter to the MLRO, if you know or suspect that such a disclosure has been made and you mention it to someone else, this could amount to a tipping off offence. Be careful what you say and to whom.

### 7.3 Prejudicing an Investigation Offence

If you know or suspect that an officer is or is about to be conducting a money laundering investigation and you make a disclosure to a third party that is likely to prejudice the investigation.

You should be aware that:

- if you deliberately shut your mind to the obvious, you will still be responsible under the legislation.
- although you do not need actual evidence money laundering is happening, mere speculation or gossip is unlikely to be enough to show 'knowledge or suspicion'.
- the legislation covers the proceeds of any crime, no matter how minor and irrespective of the size of the benefit gained.
- there are defences available under the legislation

## 8 Terrorism Offences – Terrorism Act 2000

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### Primary Terrorism Offences:

- entering into or becoming concerned in any arrangement, which facilitates the retention or control of terrorist property.
- failing to disclose information giving rise to knowledge or suspicion, or reasonable grounds for knowledge or suspicion, in the course of business.
- fundraising for terrorism
- use and possession of money or other property for the purposes of terrorism
- taking part in a funding arrangement for the purposes of terrorism

As with money laundering, tipping off is an offence (see above).

Terrorism reports must be made in the same way as money laundering reports (see above).

## 9 Training

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The MLRO and Monitoring Officer will communicate the council's anti- money laundering obligations to its staff and officers and will arrange targeted, on-going, training to key officers most likely to be affected by the legislation".

## 10 Conclusion

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Please take prompt and proper action in accordance with this Policy. If you have any suspicions or concerns whatsoever regarding any transactions, then you must contact the MLRO as you can be held criminally liable for a number of offences.

## Appendix 1 – Possible Signs of Money Laundering

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It is impossible to give a definitive list of ways in which to spot money laundering or how to decide whether to make a report to the MLRO. The following are types of risk factors that may, either alone or cumulatively with other factors; suggest the possibility of money laundering activity:

### General

- A secretive client: e.g. refuses to provide requested information without a reasonable explanation
- Concerns about the honesty, integrity, identity or location of a client
- Illogical third-party transactions: 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
- Payment of a substantial sum in cash (note that you must not accept cash payments of over £10,000 (15,000 Euros)). Cash payments for sums over £1,000 (1,500 Euros) must be referred to the MLRO for authorisation before the cash is accepted
- Significant overpayments by a client
- Absence of an obvious legitimate source of the funds
- Movement of funds overseas, particularly to a higher risk country or tax haven
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location or type of a client) is out of line with normal expectations
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational
- Refunds following the cancellation or reversal of an earlier transaction
- Requests for release of client account details other than in the normal course of business
- Companies and trusts: extensive use of corporate structures and trusts in circumstances where the client's needs are inconsistent with the use of such structures
- Poor business records or internal accounting controls
- A previous transaction for the same client that has been, or should have been, reported to the MLRO

### Property

- Unusual property investment transactions if there is no apparent investment purpose or rationale
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking);
- Re property transactions, funds received for deposits or prior to completion from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination
- Note that possession of an infringing copy of a copyright work (e.g. software for which you do not have a licence) can be a criminal offence and where it is, there will be "proceeds of crime"

## Appendix 2 – Identification Procedure and Record Keeping Procedures for Financial Services, Audit and Legal Staff

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### A. General

The procedures set out in this Appendix apply to council officers conducting ‘relevant business’ (set out below) and these are mainly accountancy and audit services carried out by Financial Services and certain financial, company and property transactions undertaken by Legal Services.

“Relevant” for the purposes of the legislation is the provision by way of business of:

- advice about the tax affairs of another person by a body corporate
- accountancy services by a body corporate
- audit services
- legal services by a body corporate which involves participation in a financial or real property transaction (whether by assisting in the planning or execution of any such transaction or otherwise by acting for, or on behalf of, a client in any such transaction);
- services in relation to the formation, operation or management of a company or a trust

### B. Identification Procedure

From 1 March 2004, where the council is carrying out relevant business (accountancy, audit and certain legal services) and:

- a) forms an ongoing business relationship with a client; or
- b) undertakes a one-off transaction involving payment by or to the client of 15,000 Euro (approximately £10,000) or more; or
- c) undertakes a series of linked one-off transactions involving total payment by or to the client(s) of 15,000 Euro (approximately £10,000) or more; or
- d) it is known or suspected that a one-off transaction (or a series of them) involves money laundering

then this Identification Procedure must be followed by accountancy, audit and legal services, before any business is undertaken with that organisation or person.

For the procedure, you must obtain satisfactory evidence of identity, as soon as practicable after instructions are received (unless evidence has already been obtained). This applies to existing and new persons or organisations, but identification evidence is not required for matters entered into prior to 1 March 2004.

Satisfactory evidence is evidence which:

- is capable of establishing, to the satisfaction of the person receiving it, that the client is who they claim to be; and
- does in fact do so

Evidence of identity should be obtained as follows:

1. Signed, written instructions on official letterhead at the outset of a particular matter. Such correspondence should then be placed on the council’s file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.
2. If you are undertaking work for new persons or organisations or further instructions from a person or an organisation not well known to you, then you may also wish to seek additional evidence of the identity of key individuals in the organisation and of the organisation itself, for example:

- checking the organisation’s website to confirm the business address
- attending them at their business address
- asking the key contact officer to provide evidence of their personal identity and position within the organisation; for example, signed written confirmation from their Head of Service or Chair of the relevant organisation

### Property/Conveyancing lawyers

For identification, lawyers may also need to obtain evidence of identity of persons/bodies other than with people or organisations dealing directly with the council, for example private, unrepresented purchasers of property, as they are “applicants for business” under the legislation.

Identification evidence is not required when such a purchaser is represented by a legal professional (e.g. solicitor, legal executive, licensed conveyancer etc.): this is because we are generally entitled to presume that the professional has complied with the legislation and checked the purchaser’s identity (as their own client).

Where evidence of such third parties is required, the following table provides examples of appropriate evidence:

### Individuals

Acceptable Means of Confirming Identity	Acceptable Means of Confirming Address
Current signed Passport	Utility bill (within last 6 months)
Current UK photocard Driving Licence (Provisional or Full)	Current UK photocard Driving Licence (Provisional or Full)
Current Full UK Driving Licence (old style paper version)	Current Full UK Driving Licence (old style paper version)
Current EU National Identity Card	Bank/Building Society/Credit Card statement or passbook (within last 6 months)
Other recognised identity card such as an Armed Forces Identity Card, Police Warrant or Photo Student Identification/Matriculation Card (from a recognised university or college)	Council tax bill or payment book (within last 12 months)
Construction Industry Tax Exemption certificate (CIS4 CIS6)	Recent mortgage statement (within last 12 months)
NHS Medical Card (persons 20 years old and under)	Current local council rent card or tenancy agreement (private tenancy agreements are not acceptable)
Birth Certificate (persons 20 years old and under)	Benefit Book issued by Benefits Agency
Firearms or shotgun certificate	Vehicle licence renewal notification (V11)
Inland Revenue tax notification (not P45 or P60)	Vehicle registration document (V5)



Benefit Book issued by Benefits Agency	Home insurance certificate or policy
Photo Credit/Debit card issued by UK/EU bank	Motor insurance certificate or policy
Disabled Driver's Pass	TV licence renewal notification
OAP Travel Pass	Electoral roll
National Insurance Card supported by	Telephone directory
Pay slip	
	Credit reference agency
	Company search

## Organisations

Evidence should be obtained as to the identity of key individuals within the organisation (as per the list above) along with evidence of the identity of the organisation's identity and its activity (e.g. a company search).

## Evidence Generally

***If satisfactory evidence of identity is not obtained at the outset of the matter, then the business relationship or one-off transaction(s) cannot proceed any further until this becomes available.***

The law states that particular care must be taken when the person or organisation that is paying you to do work or who the council is an agent for, is not physically present when being identified: this is always likely to be the case for the council, given that its relevant business can only be undertaken for other local authorities and designated public bodies (not individuals) and therefore instructions will usually be given in writing.

There are a limited number of exceptions where identification evidence does not need to be obtained, however these are unlikely to ever be relevant to the council, given that it can only act for other public authorities and designated public bodies.

General guidance on money laundering legislation suggests that rigorous identification checks should be made: for example, in relation to an organisation, evidence should be obtained as to the identity of key individuals within the organisation along with evidence of identity of the business entity and its activity.

You will see, however, that the council's Client Identification Procedure provides for only the most basic of identity checks – signed, written instructions on the organisation in question's headed paper at the outset of a particular matter. This is not because client identification is not important, but because of the need to introduce a procedure that is workable, appropriate to the nature of the council as an organisation and proportionate to the risk to the council of money laundering, which has been assessed as low.

## C. Recording Keeping Procedures

Each council service team conducting relevant business must maintain records for at least five years from the end of the business relationship or one-off transaction(s) of:

- identification evidence obtained; and
- details of all relevant business transactions carried out for those persons or organisations for whom we have obtained evidence

This is so they may be used as evidence in any subsequent investigation by the authorities into money laundering.

The precise nature of the records is not prescribed by law however they must be capable of providing an audit trail during any investigation, for example distinguishing the person or organisation and the relevant transaction and recording in what form any funds were received or paid.

In practice, council service teams will be routinely making records of work carried out for persons or organisations in the course of normal business and these should be sufficient for this requirement.

## Appendix 3 – Reporting Forms

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**CONFIDENTIAL**

### Report to Money Laundering Reporting Officer re money laundering activity

To: [ ] Money Laundering Reporting Officer

From: .....

*[insert name of employee]*

Directorate: ..... Ext/Tel No: .....

*[insert post title and Business Unit]*

#### Details of suspected offence:

**Name(s) and address(es) of person(s) involved:**

*[If a company/public body please include details of nature of business]*

**Nature, value and timing of activity involved:**

*[Please include full details eg what, when, where, how. Continue on a separate sheet if necessary]*

**Nature of suspicions regarding such activity:**

*[Please continue on a separate sheet if necessary]*

Has any investigation been undertaken (as far as you are aware)? *[Please tick the relevant box]*

Yes

No

If yes, please include details below:

Have you discussed your suspicions with anyone else? *[Please tick the relevant box]*

Yes

No

**If yes, please specify below, explaining why such discussion was necessary:**

**Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society)**

Yes

No

*[Please tick the relevant box]*

**If yes, please specify below:**

**Do you feel you have a reasonable excuse for not disclosing the matter to the National Crime Agency (NCA)? (e.g. are you a lawyer and wish to claim legal professional privilege?)** *[Please tick the relevant box]*

Yes

No

**If yes, please set out full details below:**

**Are you involved in a transaction which might be a prohibited act under sections 327- 329 of the Act and which requires appropriate consent from the NCA?**

Yes

No

*[Please tick the relevant box]*

**If yes, please enclose details in the box below:**

**Please set out below any other information you feel is relevant:**

**Signed:.....Dated:.....**

**Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.**

**THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO**

Date report received: .....

Date receipt of report acknowledged: .....

Consideration of Disclosure:

Action plan:

Outcome of Consideration of Disclosure:

Are there reasonable grounds for suspecting money laundering activity?

If there are reasonable grounds for suspicion, will a report be made to the NCA? *[Please tick the relevant box]*

Yes

No

If yes, please confirm date of report to the NCA: ..... and complete the box below:



**Details of liaison with the NCA regarding the report:**

Notice Period: ..... to ..... Moratorium Period:  
..... to .....

**Is consent required from the NCA to any ongoing or imminent transactions, which would otherwise be, prohibited acts?**

Yes

No

**If yes, please confirm full details in the box below:**

**Date consent received from the NCA:** .....

**Date consent given by you to employee:** .....

**If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:**

*[Please set out any reasonable excuse for non-disclosure]*



Date consent given by you to employee for any prohibited act transactions to proceed:

.....

**Other relevant information:**

Signed:.....Dated:.....

**THIS REPORT MUST BE RETAINED FOR AT LEAST FIVE YEARS**