

**NORTH YORKSHIRE COUNTY COUNCIL**

**ANTI-MONEY LAUNDERING POLICY**

**July 2011**

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## **1.0 INTRODUCTION**

- 1.1 Most organised criminal activity is directly or indirectly aimed at making money. The ability to 'launder' this money and clean the trail of its origins to prevent it being associated with criminal activity is a major concern for criminals or organised criminal groups. The proceeds of most crime are usually generated as cash, however, this represents a considerable risk to criminals: it increases the possibility of exposure, theft by rival criminals and/or seizure by law enforcement agencies (as when cash enters the legitimate economy, it is easier to identify). Cash is also bulky and cumbersome to handle in large quantities.
- 1.2 To avoid this, criminals take action to prevent this cash from attracting suspicion, for example, they may move it to other locations, including abroad, or use it to buy other assets or try and introduce it into the legitimate economy through businesses with a high cash turnover.
- 1.3 Historically, the statutory framework seeking to prevent the laundering of the proceeds of criminal activity was aimed at professionals in the financial and investment sector, however it was subsequently recognised that those involved in criminal conduct were able to "clean" the proceeds of crime through a wider range of businesses and professional activities.
- 1.4 The legislation concerning money laundering (the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (all as amended)) has broadened the definition of money laundering and increased the range of activities and organisations/individuals brought within the statutory framework. As a result, the obligations now impact on certain areas of local authority business. Some parts of the anti-money laundering framework apply, potentially, to everybody whereas other parts only apply to particular organisations which are in the regulated sector or carrying out certain regulated activities.
- 1.5 The Council has therefore introduced procedures designed to prevent the use of its services for money laundering, which are set out in this Policy. The Policy forms part of the Council's suite of counter-fraud policies and is published on the Council's intranet (Finance and Central Services, Internal Audit pages) and can be accessed by following the link below:

[http://intranet/directorate/fcs/central\\_finance/internal\\_audit/Pages/Home.aspx](http://intranet/directorate/fcs/central_finance/internal_audit/Pages/Home.aspx)

- 1.6 Whilst the concept of 'money laundering' being applicable to the Council may, at first, seem strange, it is easier to understand after seeing the breadth of the definition of money laundering (essentially any involvement with criminal property, ie that which represents a person's benefit from virtually any crime). Potentially any member of staff could commit a money laundering offence if they suspect money laundering and either become involved with it in some way (without reporting it to, and seeking permission from, the Council's Money Laundering Reporting Officer ("MLRO")) and/or do nothing about it. This Policy sets out how to report such concerns.

## **2.0 SCOPE OF THE POLICY**

- 2.1 This Policy applies to all employees of the County Council and aims to maintain the high standards of conduct which currently exist within the County Council by preventing criminal activity through money laundering.
- 2.2 All staff **MUST** be aware of the content of this Policy, to enable the County Council to comply with its legal obligations. Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them.

Any disciplinary action will be dealt with in accordance with the County Council's Disciplinary Policy and Procedure.

### **3.0 WHAT IS MONEY LAUNDERING?**

3.1 Under the legislation there are two main types of offences which may be committed: money laundering offences and failure to report money laundering offences.

#### **Primary money laundering offences:**

3.2 Money laundering means:

- concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the 2002 Act); or
- 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); or
  - an attempt, conspiracy or incitement to commit such an offence; or
  - aiding, abetting, counselling or procuring such an offence; or
- becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorist Act 2000).

These are the primary money laundering offences and are prohibited acts under the legislation.

3.3 "Criminal property" is widely defined: it is property representing a person's benefit from criminal conduct where you know or suspect that that is the case. It includes all property (situated in the UK or abroad) real or personal, including money, and also includes an interest in land or a right in relation to property other than land.

3.4 "Terrorist property" means money or other property which is likely to be used for the purposes of terrorism, proceeds of the commission of acts of terrorism, and acts carried out for the purposes of terrorism.

3.5 Money laundering therefore goes beyond major drug money laundering operations, terrorism and serious crime and now covers a range of activities (which do not necessarily need to involve money or laundering) regarding the proceeds of potentially any crime, no matter how minor and irrespective of the size of the benefit gained, for example "an illegally obtained sum of £10 is no less susceptible to the definition of criminal property than a sum of £1million." (P v P, 2003).

#### **Failure to report money laundering offences:**

3.6 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 business in the regulated sector:

- you know or suspect, or have reasonable grounds to do so (even if you did not actually know or suspect), that another person is engaged in money laundering;

- you can identify the money launderer or the whereabouts of the laundered property (or you believe, or it is reasonable to expect you to believe, that the information you have will assist you to identify the person/property); and
- you do not disclose this as soon as is practicable to the MLRO (section 330 of the 2002 Act and section 21A of the 2000 Act).

3.7 The broad definition of money laundering means that the Act applies to a very wide range of everyday activities within the authority and therefore potentially any member of staff (irrespective of what sort of County Council business they are undertaking) could be caught by the money laundering provisions if they suspect money laundering and become involved with it in some way. In short, the money laundering offences apply to your own actions and to matters in which you become involved. If you become aware that your involvement in a matter may amount to money laundering under the 2002 Act then you must discuss it with the MLRO and not take any further action until you have received, through the MLRO, the consent of SOCA. The failure to report money laundering obligations, referred to above, relate also to your knowledge or suspicions of others, through your work. If you know or suspect, through the course of your work, that anyone is involved in any sort of criminal conduct then it is highly likely, given the wide definition of money laundering, that s/he is also engaged in money laundering and a report to the MLRO will be required.

3.8 Whilst the risk to the County 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 to 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 Council's MLRO and, where necessary, official permission obtained to continue in the transaction. Certain other defences are also available.

### **Possible signs of money laundering**

3.9 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 which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity:

#### **(a) General**

- A new client;
- A secretive client: eg, refuses to provide requested information without a reasonable explanation;
- A client you have not met;
- Concerns about the honesty, integrity, identity or location of a client eg a client who is not present in the area and there is no good reason why they would instruct us, or information reveals that the client is linked with criminality;
- Complex or unusually large transactions/systems;
- Illogical third party transactions: unnecessary routing or receipt of funds from third parties or through third party accounts;
- The source or destination of funds differs from the original details given by the client;

- Involvement of an unconnected third party without logical reason or explanation;
- Payment of a substantial sum in cash (over £10,000);
- Overpayments by a client (or money given on account); care will need to be taken, especially with requests for refunds eg a significant overpayment which results in a repayment should be properly investigated and authorised before payment;
- Absence of an obvious legitimate source of the funds;
- Movement of funds overseas, particularly to a higher risk country or tax haven;
- Providing assistance in setting up trusts or company structures, which could be used to obscure ownership of property;
- 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;
- Unusual patterns of transactions which have no apparent economic, efficient or visible lawful purpose;
- The cancellation or reversal of an earlier transaction (where the client is likely to request the return of previously deposited monies);
- 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 which has been, or should have been, reported to the MLRO;
- any other activity which by its nature is likely to be related to money laundering or terrorist financing;

**(b) Property Matters**

- A cash buyer;
- Sudden change of buyer;
- The client's financial profile does not fit;
- 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;
- No clear explanation as to the source of funds along with lack of clarity as to how the client would be in a position to finance the purchase;
- Money comes in from an unexpected source.

3.10 Property transactions are a slightly higher risk for the County Council. For example, if the County Council agrees to sell a parcel of land to a developer or other third party, at a price that is far in excess of its estimated value, or the buyer offers to pay the full price in cash, then this may be evidence of money laundering activity.

3.11 Facts which tend to suggest that something odd is happening may be sufficient for a reasonable suspicion of money laundering to arise. Employees need to be on the look out for anything out of the ordinary. **If something seems unusual, stop and question it.** If you are unsure, seek guidance from the MLRO.

#### 4.0 WHAT ARE THE OBLIGATIONS ON THE COUNTY COUNCIL?

4.1 Organisations in the “regulated sector” and which undertake particular types of regulated activity must:

- 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;
- apply customer due diligence measures in certain circumstances;
- obtain information on the purpose and nature of certain proposed transactions/business relationships;
- conduct ongoing monitoring of certain business relationships;
- maintain record keeping and other specified procedures on a risk sensitive basis;
- train relevant staff;

the aim being to require such organisations to know their clients and the detail of the transaction being entered into and to monitor the use of their services by clients.

4.2 Not all of the business of the County Council is caught by the above: it is mainly the accountancy, tax and audit services carried out by Finance and Central Services and certain financial, company and property transactions undertaken by Legal and Democratic Services (and possibly others). It is clear that from supervisory body guidance that in-house lawyers and accountants are not intended to be caught within the regulated sector: however, although those business units are not external/independent advisers to the County Council, they are to the external clients for whom they undertake work under contract. Such external work may, therefore, bring the County Council within the regulated sector.

4.3 Under the legislation, certain offences (eg failure to report money laundering activity) may only be committed in the course of a business in the regulated sector however, the safest way to ensure compliance with the law and consistency throughout the Council is to apply

most of the requirements to all areas of work undertaken by the County Council; therefore, **all staff are required to comply with the reporting procedure set out in section 6 below**. The Customer Due Diligence Procedure and other internal procedures referred to later are only required to be followed by those engaging in regulated business as defined above.

- 4.4 Failure to comply with the above requirements is a criminal offence for which you may be liable to imprisonment for up to 2 years, a fine or both.
- 4.5 The following sections of this Policy provide further detail about the requirements listed in **paragraph 4.1**.

## **5.0 MONEY LAUNDERING REPORTING OFFICER**

- 5.1 The officer nominated to receive disclosures about money laundering/terrorist financing activity within the County Council is the Head of Internal Audit, who can be contacted as follows:

Max Thomas  
Director and Head of Internal Audit

Veritau Limited  
PO Box 31  
Library Square  
York  
YO1 7DU  
Telephone: City of York Council - 01904 552940

North Yorkshire County Council  
County Hall  
Racecourse Lane  
NORTHALLERTON  
North Yorkshire DL7 8AL  
Telephone: North Yorkshire County Council - 01609 532143

e-mail – max.thomas@veritau.co.uk

(based part week at each location)

- 5.2 In the absence or unavailability of the MLRO, the Assistant Chief Executive (Legal and Democratic Services), Carole Dunn, is authorised to deputise for him. Carole can be contacted at County Hall, Northallerton (see above address) or on telephone number 01609 532173 (direct line).

## **6.0 DISCLOSURE PROCEDURE**

### **Reporting to the Money Laundering Reporting Officer**

- 6.1 Where you know or suspect that money laundering activity is taking/has taken place, or you become concerned that your involvement in a matter may amount to a prohibited act under the legislation (see **paragraph 3.2** above), you **must** disclose this as soon as possible to the MLRO.
- 6.2 Your disclosure should be made to the MLRO using the proforma report attached at **Appendix 1**. The report must include as much detail as possible, for example:

- full details of the people involved (including yourself, if relevant), eg name, date of birth, address, company names, directorships, phone numbers, etc;
- full details of the property involved and its whereabouts (if known);
- full details of the nature of their/your involvement:
  - if you are concerned that your involvement in the transaction would amount to a prohibited act under the legislation, then your report must include all relevant details, as you will need consent from the Serious Organised Crime Agency (SOCA), via the MLRO, to take any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given;
  - you should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent eg a completion date or court deadline;
- your suspicions of the types of money laundering activity involved (if you are aware of possible particular offences, please cite the relevant section number(s) if known);
- the dates of such activities, including:
  - whether the transactions have happened, are ongoing or are imminent;
- where they took place;
- how they were undertaken;
- the (likely) amount of money/assets involved;
- why, exactly, you are suspicious – SOCA will require full reasons;

along with any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable him/her to prepare his report to SOCA, where appropriate. You should also enclose copies of any relevant supporting documentation.

- 6.3 Once you have reported the matter to the MLRO you must follow any directions s/he may give you. **You must NOT make any further enquiries into the matter yourself:** any necessary investigation will be undertaken by SOCA. Simply report your suspicions to the MLRO who will refer the matter on to SOCA if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.
- 6.4 Similarly, **at no time and under no circumstances should you voice any suspicions** to the person(s) whom you suspect of money laundering, even if SOCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise, you may commit a criminal offence of “tipping off”.
- 6.5 Do not, therefore, make any reference on a client file to a report having been made to the MLRO – 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 confidential manner.

### **Consideration of the disclosure by the Money Laundering Reporting Officer**

6.6 Upon receipt of a disclosure report, the MLRO must note the date of receipt on his section of the report and acknowledge receipt of it. S/he should also advise you of the timescale within which s/he expects to respond to you.

6.7 The MLRO will consider the report and any other available internal information s/he thinks relevant eg:

- reviewing other transaction patterns and volumes;
- the length of any business relationship involved;
- the number of any one-off transactions and linked one-off transactions;
- any due diligence information held;

and undertake such other reasonable inquiries s/he thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to SOCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.

6.8 Once the MLRO has evaluated the disclosure report and any other relevant information, s/he must make a timely determination 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;
- he knows the identity of the money launderer or the whereabouts of the property involved or they could be identified or the information may assist in such identification, and
- whether he needs to seek consent from SOCA for a particular transaction to proceed.

6.9 Where the MLRO does so conclude, then s/he must disclose the matter as soon as practicable to SOCA via their secure on-line reporting system, **unless** s/he has a reasonable excuse for non-disclosure to SOCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

6.10 Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then s/he must note the report accordingly; s/he can then immediately give his/her consent for any ongoing or imminent transactions to proceed.

6.11 In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to SOCA.

6.12 Where consent is required from SOCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until SOCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from SOCA.

6.13 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then s/he shall mark the report accordingly and give his/her consent for any ongoing or imminent transaction(s) to proceed.

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

- 6.15 **The MLRO commits a criminal offence if s/he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him/her, that another person is engaged in money laundering of whom s/he knows the identity or the whereabouts of laundered property in consequence of the disclosure, that the person or property's whereabouts can be identified from that information, or s/he believes, or it is reasonable to expect him/her to believe, that the information will or may assist in such identification and s/he does not disclose this as soon as practicable to SOCA.**

## **7.0 CUSTOMER DUE DILIGENCE PROCEDURE**

7.1 Where the County Council is carrying out certain activities which might fall within the definition of **regulated business** (accountancy, audit and tax services and legal services re financial, company or property transactions) and:

- forms an ongoing business relationship with a client;
- undertakes an occasional transaction amounting to 15,000 Euro (approximately £11,000) or more whether carried out in a single operation or several linked ones;
- suspects money laundering or terrorist financing, or
- doubts the veracity or adequacy of information previously obtained for the purposes of client identification or verification;

then customer due diligence measures must be applied and this Customer Due Diligence Procedure must be followed **before** the establishment of the relationship or carrying out of the transaction.

7.2 Applying customer due diligence means:

- identifying the client and verifying the client's identity on the basis of documents, data or information obtained from a reliable and independent source:
  - Where the client is acting or appears to be acting for someone else, reasonable steps must also be taken to establish the identity of that other person (although this is unlikely to be relevant to the County Council).
- identifying the beneficial owner (where s/he or it is not the client) so that we are satisfied that we know who the beneficial owner is, including, in the case of a legal person, trust or similar legal arrangement, measures to understand the ownership and control structure of the person, trust or arrangement, and
  - Where there is a beneficial owner who is not the client, adequate measures should be taken, on a risk-sensitive basis, to verify the beneficial owner's identity, so that you are satisfied that you know who they are, including, in the case of a legal person, trust or similar legal arrangement, measures to understand the ownership and control structure of the person, trust or arrangement. In terms of clients for whom Finance and Central Services and Legal Services provide services, "beneficial owner" would include bodies corporate (eg our public authority clients) and any individual who exercises control over the management of the body (eg Chief Executive Officer).
- obtaining information on the purpose and intended nature of the business relationship.

**Please note that unlike the reporting procedure, the Customer Due Diligence Procedure is restricted to those employees undertaking relevant business, (eg Finance and Central Services and Legal and Democratic Services).**

7.3 In the above circumstances, staff in the relevant Service Unit of the County Council must obtain satisfactory evidence of the identity of the prospective client, and full details of the purpose and intended nature of the relationship/transaction, as soon as practicable after instructions are received. **However**, the legislation does allow organisations to vary customer due diligence and monitoring according to the risk of money laundering or terrorist financing which depends on the type of customer, business relationship, product or transaction. This recognises that not all clients present the same risk. Satisfactory evidence of identity is that 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.

7.4 In the County Council, details of proposed transactions are usually, as a matter of good case management practice, recorded in writing in any event and proposed ongoing business relationships are usually the subject of Terms of Business Letters, Service Level Agreements or other written record which will record the necessary details.

7.5 There is also now an ongoing legal obligation to check the identity of existing clients and the nature and purpose of the business relationship with them at appropriate times. Opportunities to do this will differ, however one option is to review these matters as part of the ongoing monitoring of the business arrangements, as is usually provided for in the Terms of Business Letter, Service Level Agreement or other written record. The opportunity should also be taken at these times to scrutinise the transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds) to ensure they are consistent with your knowledge of the client, its business and risk profile. Particular scrutiny should be given to the following:

- complex or unusually large transactions;
- unusual patterns of transactions which have no apparent economic or visible lawful purpose; and
- any other activity particularly likely by its nature to be related to money laundering or terrorist financing.

7.6 County Council staff conducting regulated business need to be able to demonstrate that they know their clients and the rationale behind particular instructions and transactions.

7.7 Once instructions to provide regulated business have been received, and it has been established that any of **paragraphs 7.1 (a) to (d)** apply, or it is otherwise an appropriate time to apply due diligence measures to an existing client, evidence of identity and information about the nature of the particular work should be obtained/checked as follows:

**Internal clients:**

7.8 Internal clients are part of the County Council. Under the legislation, there is **no need to apply customer due diligence measures where the client is a UK public authority**. However, as a matter of good practice, identity of internal clients should continue to be checked as before by ensuring that signed, written instructions on County Council headed notepaper or via email on the internal County Council email system are obtained at the

outset of a particular matter. Such correspondence should then be placed on the County Council's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located. Full details about the nature of the proposed transaction should be recorded on the client file.

## **External Clients**

- 7.9 Most of the external clients to whom the County Council provides potentially regulated business services are UK public authorities and consequently, as above, there is no need to apply customer due diligence measures. However, again as a matter of good practice, full details about the nature of the proposed transaction should be recorded on the client file, and the identity of such external clients should continue to be checked, along with other external clients (eg designated public bodies), using the following procedure.
- 7.10 The MLRO will maintain a central file of general client identification evidence regarding the external organisations to whom Finance and Central Services and Legal and Democratic Services provide professional services (eg the North York Moors National Park Authority, the Yorkshire Dales National Park Authority, North Yorkshire Police, North Yorkshire Fire and Rescue Authority, the North Yorkshire Probation Board, District/Borough Councils). You should check with the MLRO that the organisation in respect of which you require identification is included in the MLRO's central file and check the precise details contained in relation to that organisation.
- 7.11 You should also then obtain the appropriate additional evidence: For external clients, appropriate additional evidence of identity will be written instructions on the organisation's official letterhead at the outset of the matter or an email from the organisation's e-communication system. Such correspondence should then be placed on the County Council's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located (and including a reference to a search of the MLRO's central file, if undertaken).
- 7.12 In some circumstances, however, enhanced due diligence (eg obtaining additional evidence of identity or source of funds to be used in the relationship/transaction) must be carried out, for example where:
- the client is not physically present when being identified. This situation is however unlikely to occur as the County Council normally only undertakes its regulated business for other local authorities and designated public bodies (not individuals) and therefore instructions will usually be given in writing;
  - the client is a "politically exposed person" (an individual who at any time in the preceding year has held a prominent public function outside of the UK, and EU or international institution/body, their immediate family members or close associates). This is unlikely to ever be relevant to the County Council but the provision must be included in local procedures;
- 7.13 With instructions from new clients, or further instructions from a client not well known to you, you may 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 identity of key personnel, its business address and any other details;
  - conducting an on-line search via Companies House to confirm the nature and business of the client and to confirm the identities of any directors;
  - attending the client at their business address;

- a search of the telephone directory;
- asking the key contact officer and/ or any individual who exercises control over the management of the body (eg the Chief Executive Officer) to provide evidence of their personal identity and position within the organisation, for example:
  - passport;
  - photocard driving licence;
  - birth certificate;
  - medical card;
  - bank/building society statement (but not if used to prove address and no older than 3 months);
  - National Insurance number;
  - signed, written confirmation from their Head of Service or Chair of the relevant organisation that such person works for the organisation.

If such additional evidence is obtained, then copies should be sent to the MLRO for his/her central client identification file.

7.14 In all cases, the due diligence evidence should be retained for at least five years from the **end** of the business relationship or transaction(s).

7.15 **If satisfactory evidence of identity is not obtained at the outset of the matter then generally the business relationship or one off transaction(s) cannot proceed any further and any existing business relationship with that client must be terminated.**

## **8.0 ONGOING MONITORING AND RECORD KEEPING PROCEDURES**

8.1 Each Service Unit of the County Council conducting potentially regulated business must monitor, on an ongoing basis, their business relationships in terms of scrutinising transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds) to ensure that the transactions are consistent with their knowledge of the client, its business and risk profile.

8.2 We must also maintain records of:

- client identification/verification evidence obtained (or references to it), and
- details of all regulated business transactions carried out for clients;

for at least five years from the end of the transaction/relationship. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

8.3 The precise nature of the records is not prescribed by law however they must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the client and the relevant transaction and recording the source of, and in what form, any funds were received or paid. In practice, the Service Units of the County Council will be routinely making records of work carried out for clients in the course of normal business and these should suffice in this regard. See also **paragraphs 7.4 to 7.6.**

## **9.0 TRAINING**

- 9.1 The Council will take appropriate measures to ensure that all employees are made aware of the law relating to money laundering and will arrange targeted, ongoing, training to key individuals most likely to be affected by the legislation.

## **10.0 RISK MANAGEMENT AND INTERNAL CONTROL**

- 10.1 The risk to the County Council of contravening the anti-money laundering legislation will be assessed on a periodic basis and the adequacy and effectiveness of the Anti-Money Laundering Policy will be reviewed in light of such assessments.
- 10.2 The adequacy and effectiveness of, promotion of, and compliance by employees with, the documentation and procedures will also be monitored through the County Council's Corporate Governance and Counter Fraud Policy frameworks.

## **11.0 CONCLUSION**

- 11.1 The legislative requirements concerning anti-money laundering procedures are lengthy, technical and complex. This Policy has been written so as to enable the County Council to meet the legal requirements in a way which is proportionate to the very low risk to the County Council of contravening the legislation.
- 11.2 Should you have any concerns whatsoever regarding any transactions then you should contact the MLRO.

## **12.0 REVIEW OF THE POLICY**

- 12.1 The Policy will be subject to review as and when required.

1 July 2011

**CONFIDENTIAL**

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

**To: MAX THOMAS, Head of Internal Audit, NYCC Money Laundering Reporting Officer**

**From:** .....  
*[insert name of employee]*

**Directorate:** .....  
*[insert post title and Business Unit]*

**Ext/Tel No:**.....

**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, whereabouts, value and timing of activity/property involved:**  
*[Please include full details eg what, when, where, how. Please also include details of current whereabouts of the laundered property, so far as you are aware. 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)** *[Please tick the relevant box]*

Yes

No

**If yes, please specify below:**

**Do you feel you have a reasonable excuse for not disclosing the matter to SOCA? (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 2002 Act or section 18 of the 2000 Act) and which requires appropriate consent from SOCA?**

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?  
Do you know the identity of the alleged money launderer or the whereabouts of the property concerned?**

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

Yes

No

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

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

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

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

Is consent required from SOCA 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 SOCA: .....

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 SOCA, 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 TO BE RETAINED FOR AT LEAST FIVE YEARS**