

1.0 INTRODUCTION

1.1 Leeds City Council is committed to the highest standards of openness, probity and accountability. In line with this commitment, the council has put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

2.0 WHAT IS MONEY LAUNDERING

2.1 Money laundering describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. The Proceeds of Crime Act 2002 makes it an offence to:

- conceal, disguise, convert, transfer or remove criminal property from the UK (section 327 of the Act); and/or
- enter into or become 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); and/or
- acquire, use or have possession of criminal property (section 329).

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

2.2 Other offences apply to individuals or organisations acting in the “regulated sector” for the purposes of the Money Laundering Regulations 2007. The “regulated sector” includes anyone carrying out the following activities “by way of business”:

- Credit or financial services;
- Auditing, insolvency services, external accountancy and tax advice;
- Independent legal professionals
- Trust or company services;
- Estate agency services;
- High value dealing;
- Casino services.

2.3 The following offences apply to the “regulated sector”:

- failure to disclose one of the offences listed at 2.1 above, where there are reasonable grounds for suspicion; and/or
- tipping off a person(s) who is or is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation.

2.4 The council and its employees and Members are also subject to the full provisions of the Terrorism Act 2000. The Terrorism Act 2000 made it an offence to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism.

2.5 All employees and Members must be familiar with their responsibilities in respect of reporting any suspicions around money laundering activity, as serious criminal sanctions may be imposed for breaches of the legislation. This Policy sets out how any concerns should be raised.

3.0 SCOPE OF THE POLICY

3.1 This policy applies to all employees, agency workers and Members of the council.

3.2 The policy aims to maintain the high standards of conduct which currently exist within the council by preventing or identifying money laundering. The policy sets 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.

4.0 WHAT ARE THE OBLIGATIONS OF THE COUNCIL

4.1 To ensure compliance with money laundering legislation, the council is required to:

- appoint a Money Laundering Reporting Officer (“MLRO”) to receive disclosures from employees and Members 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.

4.2 The following sections of this Policy provide further detail about the council's arrangements in respect of these requirements. All employees, agency workers and Members are required to comply with the reporting procedure set out within section 6.

5.0 THE MONEY LAUNDERING REPORTING OFFICER

5.1 The officer nominated to receive disclosures about money laundering activity within the council is the Head of Audit, who can be contacted at:

Head of Audit
Internal Audit
Civic Hall, Third Floor West
Leeds
LS1 1JF

Telephone: 0113 2474214

5.2 In the absence of the MLRO, the Principal Audit Managers are authorised to deputise and can be contacted at the above address or on 0113 2474153.

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 become concerned that your involvement in a matter may amount to a prohibited act under sections 327 – 329 of the Act, you must disclose this as soon as practicable to the MLRO.

6.2 When disclosure is to be made to the MLRO the proforma report attached at Appendix 1 should be used. The report must include as much detail as possible, for example:

- Full details of the people involved (including yourself, if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc;
- 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 sections 327 – 329 of the Act, then your report must include all relevant details, as you will need consent from the National Crime Agency (NCA), 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 e.g. a completion date or court deadline;
 - The types of money laundering activity involved. If possible, cite the section number(s) under which the report is being made e.g. a principal money laundering offence under section 327 – 329 of the Act.
 - 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 – the NCA will require full reasons.
- 6.3 The report should include 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. This will help to enable the MLRO to prepare a report to the NCA, where appropriate. You should also enclose copies of any relevant supporting documentation.
- 6.4 Once you have reported the matter to the MLRO you must follow any directions that the MLRO may give you. You must NOT make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the NCA. Simply report your suspicions to the MLRO who will refer the matter on to the NCA if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.
- 6.5 Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, or any other third party, even after consent may have been given to a transaction

proceeding. Alerting the individual to the fact that a referral has been made may result in you committing the criminal offence of “tipping off.”

- 6.6 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

- 6.7 Upon receipt of a disclosure report, the MLRO must note the date of receipt on their section of the report and acknowledge receipt of it. The MLRO should also advise you of the timescale within which they expect to respond to you. This should be within three days.
- 6.8 The MLRO will consider the report and any other available internal information that they think is relevant e.g.:
- reviewing other transaction patterns and volumes;
 - the length of any business relationship involved;
 - the number of transactions and linked one-off transactions;
 - any identification evidence held;

The MLRO will undertake such other reasonable enquiries that they think are appropriate in order to ensure that all available information is taken into account in deciding whether a report to the NCA 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.

- 6.9 Once the MLRO has evaluated the disclosure report and any other relevant information, they 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; and
 - whether they need to seek consent from the NCA for a particular transaction to proceed.

- 6.10 Where the MLRO does so conclude, then they must disclose the matter as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless they have a 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).
- 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 the NCA.
- 6.12 Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.
- 6.13 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then they shall mark the report accordingly and give their consent for any ongoing or imminent transaction(s) to proceed.
- 6.14 All disclosure reports referred to the MLRO and reports made by them to the NCA 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 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.

7.0 CLIENT IDENTIFICATION

- 7.1 Please note that unlike the reporting procedure, the client identification procedure is only obligatory to those operating within the “regulated sector” (see paragraph 2.2 above). Where the Council is acting in any capacity which may fall within the “regulated sector” described at paragraph 2.2, 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 or more by any payment method; or
 - c) undertakes a series of linked one-off transactions involving total payment by or to the client(s) of €15,000 or more by any payment method; or

- d) it is known or suspected that a one-off transaction (or a series of them) involves money laundering or terrorist financing;

then this Client Identification Procedure must be followed before any business is undertaken for that client.

- 7.2 In the above circumstances, staff in the relevant unit of the Council must obtain satisfactory evidence of the identity of the prospective client, as soon as practicable after instructions are received (unless evidence of the client has already been obtained). This applies to existing clients, as well as new ones.
- 7.3 Once instructions to provide relevant business have been received, and it has been established that any of paragraphs 7.1 (a) to (d) apply, evidence of identity should be obtained as follows.

Internal Clients:

- 7.4 Client identification procedures are not required for internal clients.

External Clients:

- 7.5 For external clients of the council, appropriate evidence of identity, particularly from new clients or in relation to further instructions from clients not well known to you will be obtained. Such correspondence should then be placed on the council's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.
- 7.6 In all cases, the evidence should be retained for at least five years from the end of the business relationship or one-off transaction(s).
- 7.7 ***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.***

8.0 RECORD KEEPING PROCEDURES

- 8.1 Each unit of the council conducting relevant business must maintain records of:
- client identification evidence obtained; and
 - details of all relevant business transactions carried out for clients

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

- 8.2 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 in what form any funds were received or paid. In practice, the business units of the 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.

9.0 OWNERSHIP, REVIEW AND MONITORING

- 9.1 This policy is owned by the Money Laundering Reporting Officer, who will ensure the accuracy and appropriateness of content and efficient operation by means of a periodic review.

10.0 CONCLUSION

- 10.1 This Policy has been written so as to enable the council to meet the legal requirements concerning anti-money laundering procedures in a way that is proportionate to the level of risk of contravening the legislation.
- 10.2 Should you have any concerns whatsoever regarding any transactions then you should contact the MLRO.

CONFIDENTIAL

**REPORT TO MONEY LAUNDERING REPORTING OFFICER
RE: SUSPECTED MONEY LAUNDERING ACTIVITY**

To: Head of Audit, Money Laundering Reporting Officer
From: *[Name of employee]*
Department: *[Post title and Service Area]*
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, value and timing of activity involved:
[Please include full details e.g. what, 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 relevant box]*

Yes

No

If yes, please include details below:

Have you discussed your suspicions with anyone else?

Yes

No

[Please tick relevant box]

If yes, please provide details of who the discussions took place with and explain why such discussion was necessary:

Have you consulted any supervisory body guidance re: money laundering (e.g. the Law Society) *[Please tick relevant box]*

Yes

No

If yes, please specify below:

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

If yes, please include details below:

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

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.

Signed:

Dated: