

**Report of:** Financial & Asset Management Business Manager

**To:** Executive Board

**Date:** 6<sup>th</sup> November 2006

**Item No:**

**Title of Report :** A policy to prevent money laundering

### Summary and Recommendations

**Purpose of report:** To set out the Council's anti money laundering policy, appoint a Money Laundering Reporting Officer and outline the reporting requirements for staff.

**Key decision:** No

**Portfolio Holder:** Cllr. John Goddard (Governance)  
Cllr. Stephen Tall (Better Finance)

**Operative Responsibility:** Finance

**Ward(s) affected:** All

**Report Approved by:** Cllr Stephen Tall (Portfolio Holder)  
Jeremy Thomas (Head of Legal and Democratic Services)  
Mark Luntley (Strategic Director, finance and Corporate Services)

**Policy Framework:** Financial Stability

**Recommendation(s):** The Executive Board agrees to RECOMMEND Council

:

1. the anti money laundering policy attached as Annex 1 be adopted;
2. the Human Resources Business Manager be instructed to include this area within the staff development programme;
3. the Financial and Asset Management Business Manager be appointed as the Council's Money Laundering Reporting Officer.

## Summary

1. The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003 have broadened the definition of money laundering. At the same time money launderers are increasingly targeting local authorities. It is good practice for Councils to have internal procedures in place to address this risk.
2. Rather than developing separate guidance for this area the Oxfordshire Treasurers are all using a policy developed by Cherwell District Council. The attached document is based on that policy.

## Background and Context

3. The main money laundering offences are:
  - Concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the Act);
  - 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); and
  - Acquiring, using or possessing criminal property (section 329).
4. Organisations conducting “relevant business” under the Money Laundering Regulations 2003 must:
  - Appoint a nominated officer, often referred to as the Money Laundering Reporting Officer, to receive disclosures from employees of money laundering activity and make reports as necessary to the National Criminal Intelligence Service;
  - Implement a procedure to enable the reporting of suspicions of money laundering;
  - Maintain client identification procedures in certain circumstances;
  - Maintain record keeping procedures; and
  - Train staff
5. While the risk to the Council of contravening the legislation is low, it is important that all employees are familiar with their legal responsibilities as serious criminal sanctions may be imposed for breaches of the legislation. Whilst the amount of training is not onerous, it should be incorporated into the corporate training programme.

6. In order to comply with the Proceeds of Crime Act 2002, all staff are required to comply with the procedures set out in the policy and guidelines.
7. We need to appoint an officer to lead on this issue. I recommend this role should sit with the Business Manager - Finance and Asset Management.

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**Background papers:** Papers from Cherwell District Council



# Anti money laundering policy

## 1. Why the council needs an anti money laundering policy

The council must comply with the [Proceeds of Crime Act 2002](#) and the [Money Laundering Regulations 2003](#).

The Proceeds of Crime Act broadens the definition of money laundering. It also says that when organisations carry out certain activities, they must report any suspected money laundering.

The Money Laundering Regulations require organisations that carry out certain activities to do various things to prevent money laundering.

Council activities that might be affected include the management of investments, the sale of land or buildings, and cash sales of goods for 15,000 euros or more.

## 2. Other relevant policies

See also the council's whistle blowing policy and anti fraud and corruption policy.

## 3. Review of this policy

The Business Manager Finance and Asset Management will review this policy each year.

## 4. Definition of money laundering

In this policy **money laundering** means:

- acquiring, using, owning, hiding, disguising, converting or transferring the proceeds of crime or taking them out of the UK or
- being part of dealings that you know or suspect will help someone else acquire, keep or control the proceeds of crime.

## 5. Money laundering reporting officer

The council will name the Business Manager (Finance and Asset Management) as its money laundering reporting officer.

## 6. Procedure for reporting suspected money laundering

- 6.1 If you are a council employee and you suspect money laundering, you must report it to the money laundering reporting officer. You should do



this within hours rather than days as you may be prosecuted if you delay.

- 6.2 Use the attached form to make your report, giving as much detail as you can.
- 6.3 Make it clear why you are making the report. Are you reporting money laundering dealings that involve the council? Or are you reporting other money laundering that you have come across in your work?
- 6.4 If you think the council is about to enter dealings that could amount to money laundering, you must put them on hold until the money laundering reporting officer says you can go ahead. If you have had to put any dealings on hold, you must say so in your report to the money laundering reporting officer. You must also say if there are any deadlines for getting the go-ahead for dealings (for example completion dates or court deadlines).
- 6.5 Once you have made your report to the money laundering reporting officer, you must follow their instructions and co-operate with any investigations by the money laundering reporting officer or Serious Organised Crimes Agency.

You must **not**:

- make any more investigations of your own
- put anything on the suspect's file about your report to the money laundering reporting officer (you may be breaking the law if you do, as it could tip off the suspect if they exercise their right to see the file)
- tell the suspect about your suspicions (unless the money laundering reporting officer agrees) – you may be breaking the law if you do. This applies even if you have been told that the dealings can go ahead.

## 7. Refunds

If you are a council employee, you must be careful about giving refunds.

If you are at all suspicious, you must follow the procedure for reporting suspected money laundering. If there is a large overpayment for example, you must report it to the money laundering reporting officer and you must not make the repayment until they give you the go-ahead.

## **8. Procedure for dealing with reports of suspected money laundering**

- 8.1 If the money laundering reporting officer receives a report of suspected money laundering, they will:
- note the date they received it on their section of the report
  - acknowledge receipt of the report and tell the employee when they can expect a fuller response.

- 8.2 The money laundering reporting officer will consider the report and any other relevant information the council holds. This might include evidence of the suspect's identity or information about the length of the business relationship or the pattern or volume of transactions. The money laundering reporting officer may also need to talk to the employee who made the report.

The money laundering reporting officer must avoid delay and must not do anything in their enquiries that could tip off the suspect or appear to tip them off.

- 8.3 If the money laundering reporting officer's enquiries lead them to detect or suspect money laundering (or if it would be reasonable for them to detect or suspect it), they must:
- tell the [Serious Organised Crimes Agency](#) as soon as possible using their [online form](#)
  - keep on hold any dealings that could involve the council in money laundering. Such dealings can only go ahead if the Serious Organised Crimes Agency agrees (or if it does not object within set time limits).

There is an exception to this. If the employee who reported the money laundering is a professional adviser and privilege applies, no report needs to be made to the Serious Organised Crimes Agency and any dealings involving the council can go ahead.

- 8.4 If the money laundering reporting officer does not detect or suspect money laundering (and it would not be reasonable for them to detect or suspect it), they will note this on the report from the employee and give the go-ahead to any dealings that have been put on hold.

- 8.5 The money laundering reporting officer will keep all reports made by employees under this policy and all reports sent to the Serious Organised Crimes Agency for at least five years. These will be stored in a confidential file kept for the purpose.

## **9. Record keeping**

The council will follow record keeping procedures that comply with [Money Laundering Regulation 6](#). Records covered by the regulation will be kept for five years after the end of the transaction or business relationship.

## 10. Training<sup>1</sup>

- 10.1 The council will make sure that relevant employees understand their duties under the [Money Laundering Regulations](#), the [Proceeds of Crime Act, Part 7](#), the [Anti-Terrorism, Crime and Security Act 2001, section 117](#) and the [Terrorism Act 2000, sections 18](#) and [21A](#).
- 10.2 The council will make sure that relevant employees are trained in the identification procedures required by the Money Laundering Regulations. They will also be trained to identify and report any dealings that might involve money laundering.

## 11. Internal control and communication<sup>2</sup>

The council will have suitable internal control and communication procedures to prevent money laundering.



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<sup>1</sup> See [Money Laundering Regulation 3\(1\)\(c\)](#)

<sup>2</sup> See [Money Laundering Regulation 3\(1\)\(b\)](#)