



## Anti-Money Laundering Code

Date of implementation: 1 October 2021

Updated October 2024

Due to be reviewed: 1 October 2027

## STATEMENT

1. The Councils will take all reasonable steps to prevent their systems and processes being used for money laundering.

## INTRODUCTION

2. Money laundering is a series of processes designed to disguise or convert illegally obtained cash or assets (proceeds of crime) so that they appear to have come from a legitimate source. Individuals and organisations can commit offences if they possess, convert, transfer, or conceal those proceeds of crime. Criminals could launder illicitly obtained funds through the councils in several ways. For example: by making large payments in cash, such as for business rates, council tax or when purchasing assets.
3. Anyone who becomes involved with an activity which they know, or have reasonable grounds to suspect, is related to the proceeds of crime, may be guilty of money laundering.
4. Money Laundering is a criminal offence, and it is the responsibility of the Councils and Council officers to take reasonable precautions to prevent their involvement in money laundering, either knowingly or as a result of inaction.
5. The Councils' Code is to do all they can to prevent the Councils and their staff being exposed to money laundering, identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially regarding the reporting of actual or suspected cases. Internal procedures will be proportionate and cost effective.
6. This Code has been adopted in order to introduce safeguards to help identify and report on instances where money laundering is suspected.

## SCOPE OF THE CODE

7. This Code provides a coherent and consistent framework to enable employees to understand and implement arrangements to ensure compliance with anti-money laundering legislation. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.
8. This Code applies to all the councils' activities their personnel, including those permanently employed, temporary staff, agency staff, contractors, Members (including independent members), volunteers and consultants.
9. It is important that all employees are familiar with their responsibilities as serious criminal sanctions may be imposed for breaches of anti-money laundering legislation. Failure by any member of staff to comply with this Code may lead to prosecution and disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the councils' disciplinary procedures.
10. Whilst it is stressed that the risk to the Authority is low, it is extremely important that all staff are familiar with their legal responsibilities as serious criminal sanctions may be imposed for breaches of the legislation. The key requirement for staff is to:

11. **Promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (see point 18, below).**

## **MONEY LAUNDERING REGULATIONS**

12. The legislation and regulations which embody the UK anti-money laundering regime and failure to prevent fraud are contained in the following:
  - The Proceeds of Crime Act 2002 (POCA), as amended by the Serious Organised Crime and Police Act 2005 (SOCPA) and relevant statutory instruments
  - The Terrorism Act 2000 (TA 2000), as amended by the Anti-Terrorism Crime and Security Act 2001 (ATCSA) and the Terrorism Act 2006 (TA 2006) and relevant statutory instruments
  - The Money Laundering Regulations 2007 (2007 Regulations) as amended by the Money Laundering Regulations 2012.
  - The Economic Crime and Corporate Transparency Act 2023, section 199 “failure to prevent fraud” offence.
13. This Code also draws on the Anti-Money Laundering Practical Guidance for Public Service Organisations published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

## **MONEY LAUNDERING DEFINITION AND DESCRIPTION OF OFFENCES**

14. Money laundering is defined as the process of moving illegally acquired cash through financial systems so that it appears to be from a legitimate source. It is interpreted very widely and includes possessing, or in any way dealing with, or concealing, the proceeds of any crime.
15. The main offences relating to money laundering established by Part 7 (sections 327-329) of Proceeds of Crime Act 2002 (the POCA) are:
  - Concealing, disguising, converting, transferring, or removing criminal property from the UK (S.327 POCA). Concealing is where someone knows or suspects a case of money laundering, but conceals or disguises its existence
  - Being concerned in an arrangement which a person knows, or suspects facilitates the acquisition, retention, use or control of criminal property (S.328 POCA)
  - Acquiring, using, or possessing criminal property (S.329 POCA).
16. Other offences under POCA are:
  - Failure to disclose money laundering offences (s.330-332)
  - Tipping off a suspect, either directly or indirectly (s.333)
  - Doing something that might prejudice an investigation (s.342)
17. All of the above money laundering offences may be committed by an organisation or by the individuals working for it if they suspect money laundering and either become involved with it in some way and/or do nothing about it. **The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.**

## MONEY LAUNDERING REPORTING OFFICER (MLRO)

18. The officer nominated to receive disclosures about money laundering activity within the Council is the Director – Financial Services, whose contact details are as follows:

Director – Financial Services  
Wandsworth Town Hall  
Wandsworth High Street  
London  
SW18 2PU  
Tel: 020 8871 6402

19. In the absence of the MLRO, the Assistant Director – Fraud (SWLFP), Risk & Insurance is authorised to deputise.

## RECOGNISING MONEY LAUNDERING

20. At all times employees should:
- Be wary of unusually large cash transactions
  - Be wary of the absence of an obvious legitimate source of funds
  - Be alert to the possibility of money laundering by a client or a prospective client
21. Any employee who knows of or suspects a money laundering activity, must immediately report it to the MLRO, preferably by using the money laundering form attached (Appendix A). **Please note that a failure to immediately report to MLRO may result in a criminal offence.**
22. The National Crime Agency (NCA) has produced a list of possible “indicators of suspicion” for money laundering activity:
- Is the person’s behaviour unusual in the circumstances?
  - Has the person refused to supply any form of identification, and if so, why?
  - Is the activity unusual in itself?
  - Is the activity unusual for the customer?
  - Do I have other knowledge which leads me to believe the customer or activity is criminal?
  - Do I think the property may have been obtained through criminal conduct?
23. The following examples may indicate money laundering activity:
- Payment of a substantial sum in cash (over £5000) by a single client in a single transaction or over a short period of time. As a rule, to the staff in the councils who collect cash payments, they are asked to provide the details of any cash transactions of over £5000 to the MLRO so that precautionary checks can be performed.
  - Overpayments or duplicate payments made by a client followed by a refund, or a request for a refund
  - Right to Buy property sold before expiry of discount period
  - Purchase of land and buildings re-sold within 3 -12 months
  - Purchase of council assets re-sold within 3 months

## ACTIONS TO TAKE FOR SUSPECTED MONEY LAUNDERING

24. Any knowledge or suspicion must be reported to the MLRO by using the appropriate money laundering form (Appendix A) or contacting MLRO directly, even if the employee believes that the same money laundering activity has already been reported. Disclosure should be within hours, not weeks or months. If this is not the case, then the employee may be liable to prosecution.
25. Reports can be made from staff, members of the Councils, contractors, the public, or any other related party or partner.
26. After reporting:
  - The employee must follow any subsequent directions of the MLRO and must not themselves make any further enquiries into the matter. They must not take further steps in any related transaction without authorisation from the MLRO.
  - The employee must not disclose or otherwise indicate their suspicions to the person suspected of the money laundering. They must also not discuss the matter with others as this can result in “tipping off” the suspect
  - The employee should not record on the file that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation and could constitute a tip off.
27. Employees should be aware that:
  - Ignoring the obvious can be considered a criminal offence.
  - A reasonable cause for knowledge or suspicion of money laundering offence will be required. Speculation or gossip is unlikely to be sufficient to allow an investigation.
  - The size or significance of the money laundering offence is irrelevant as money laundering covers the proceeds of any crime, no matter how minor and irrespective of the size of the benefit gained.

## HIGH RISK AREAS

28. High risk areas are mainly accountancy, audit services and certain financial, company and property transactions undertaken by Legal Services.
29. In order to minimise the risk of money laundering when dealing in high-risk areas, or where customers or clients meet any of the following criteria, an Identification Procedure must be followed before any business is undertaken with that organisation or person:
  - Undertake a one-off transaction involving payment by or to the client of 10,000 Euro (approximately £8,500) or more
  - Undertake a series of linked one-off transactions involving total payment by or to the client of 10,000 Euro (approximately £8,500) or more
  - It is known or suspected that a one-off transaction (or a series of them) involves money laundering

## **IDENTIFICATION PROCEDURE AND CUSTOMER DUE DILIGENCE**

30. Where the criteria of paragraph 29 above have been met, the Councils should carry out identification procedure to obtain satisfactory evidence of clients' identity. This should be done as soon as practicable after instructions are received (unless evidence has already been obtained) and no dealings should take place until this has been completed. This applies to all business entered after 1<sup>st</sup> March 2004.
31. Satisfactory evidence is evidence which establishes that the client (company and/or person) is who they claim to be. This can include some of the following:
  - Signed, written instructions on official letterhead at the outset of the dealings, which confirms the company name and location
  - Verification of company registration and VAT numbers, website details and registered office address
  - Proof of personal identification, if dealing with an individual, through meeting the client in person and verifying their identity against the passport or photo-card driving licence. This requires the person verifying the passport etc to be trained to recognise forged documents. If you are not able to recognise a forgery or otherwise unsuitable document, you should not use this method of identification.
32. Internal Audit can give further advice on what the Councils consider satisfactory evidence.
33. Copies of the evidence obtained should be retained by the individual undertaking the Identification Procedure.

## **ACTIONS OF THE MONEY LAUNDERING REPORTING OFFICER (MLRO)**

34. Upon receipt of the reporting form, the MLRO will:
  - Advise the reporting employee of the timescale within which he expects to respond
  - Consider the form and any other available internal information he thinks relevant
  - Undertake such other reasonable inquiries as he thinks appropriate
  - Seek specialist legal and financial advice (if necessary)
  - Promptly evaluate any disclosure report, to determine whether it should be reported to the National Crime Agency (NCA) by way of a Suspicious Activity Report (SAR) (form can be located on the NCA website)
35. The MLRO, must, if they so determine, promptly report the matter to NCA on their standard report form and in the prescribed manner.
36. The MLRO will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made, that another person is engaged in money laundering, and they do not disclose this as soon as practicable to the NCA.

## **RECORD KEEPING PROCEDURE**

37. Where the Councils deal with high-risk areas the client identification evidence and details of the relevant transaction(s) for that client will be retained for at least five years and in accordance

with Councils' other procedures. This retention can be in an electronic format (e.g. scanned documentation) as long as it is available for inspection with sufficient notice.

#### **GUIDANCE AND TRAINING**

38. The Councils will take all necessary steps to communicate this Code and train their staff in relation to identification and prevention of money laundering offences. Specific training will be provided in areas at high risk of money laundering.

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**Please always refer to the Loop for the latest version of this document**

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**Appendix A**

CONFIDENTIAL

**Report to Money Laundering Reporting Officer**

**Reporting of Money Laundering Activity**

**To:** .....

*[Money Laundering Reporting Officer or Deputy]*

**From:** .....

*[insert name of employee]*

**Directorate:** .....

*[insert post title and Business Unit]*

Ext/Tel No:.....

**URGENT YES/NO**

Date by which response needed:.....

**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, 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)?**

Yes/No

**If yes, please include details below:**

**Have you discussed your suspicions with anyone else?**

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

**If yes, please specify:**

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

Yes /No

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

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

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?**

*[Please tick the relevant box]*

**If there are reasonable grounds for suspicion, will a report be made to the**

**NCA?**

Yes/No

**If yes, please confirm date of report to NCA:**

*[Please complete the details 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 below:**

**Date consent received from 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 TO BE RETAINED FOR AT LEAST FIVE YEARS